

**THE ROLE OF E-COMMERCE INDUSTRY IN SELLING LIFE INSURANCE POLICIES IN INDIA FOR SUSTAINABLE BUSINESS DEVELOPMENT**

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## **1 Abstract**

Where the other sectors within the economical industries are rapidly embraced the online facilities to gather the sustainable advantages, insurance policy providers are quite slow in this race to adopt the e-commerce. This paper examines the limitations and also the factors regarding the success in transferring the offline model of insurance into online. The technologies and the standards that are playing and will get involved in transferring the insurance and ecommerce incorporation are briefly discussed in this article.

**Keywords:** *E- Insurance, Insurance Industry, ECommerce, Information and Communications Technology*

## **2 Introduction**

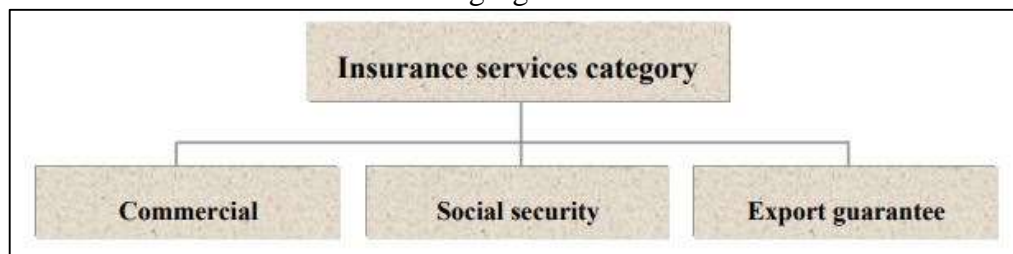
E-commerce is rising at a rapid rate worldwide that denotes as the business relationship maintenance, exchanging information's, and conducting the transactions online by the use of the tele-network system [1]. Varieties of e-commerce categories have evolved, though the B2C consumer received more attention in ecommerce than the B2B. However, the online transaction of products from the seller to the consumers also comes in the e-commerce definition [2]. E-commerce has changed the definition of doing business, the online support not only helped the end consumers to avail a product from a distant place but also made possible for the business owners to capture the market from east-west and north-south of India by simply running or not running a shop in a village.

Although the predictions differ every year, but many experienced analysts already predicted that e-commerce will definitely touch the sky very soon. In the year 2004, the forrester group of researchers predicted that e-commerce would touch \$6.8 trillion by the end of 2004. On the other hand, Gartens predicted the same but they declared the amount would be \$7.4 trillion. That results in almost 7% of the worldwide sales payments [3]. The role of ecommerce in India is shown in the figure.



**Figure 1: The impact of e-Commerce in different categories**

However, e-commerce entails any form of enterprise or financial activities that includes selling, buying, shifting or exchanging merchandise, services those are performing via digital connections. E-commerce is confined to internet, which mostly is associated with the digital trade [4]. In recent times, the e-commerce and internet has delivered about essential adjustments inside the techniques of business. In latest years, due to the fast growth of communication generation, and specifically, the improvement of net, the procedure of these versions has been increased. For the reason that new millennium, coverage businesses throughout the arena are actively providing their services to the electronics insurance. As a result of evolution in communications and facts technology the e-insurances arrived, however, it's far an coverage operations, which can be executed by using the use of internet. The existence style and progress are stimulated by using increasing demand of internet access which will acquire statistics and services, consequently, the insurance businesses couldn't be detached to these requests. The corporations of the insurances may want to take advantages of new information and verbal exchange technology to offer better offerings. In the meantime, e-insurance will decrease the actual-time of interest and management prices [5]. The types of insurance are as demonstrated in the following figure.



**Figure 2: Insurance categories**

Among the key sectors of the Indian economy is e-commerce. As opposed to India, e-commerce has advanced significantly in nations like the US and China. Due to a small

population of internet users, India's e-commerce sector falls behind other nations [13]. The phrase "Industry 4.0" is now widely acknowledged, and the idea of e-commerce is not new and one of the most discussed themes in academic studies and the industrial world. According to a Nasscom estimate, India is expected to have 702 million smartphone users and 730 million Internet users by the year 2020. In the previous year, 350 million more users joined India. E-commerce has several, well-established advantages [14].

### 3 Objectives

1. To demonstrate the role of E-commerce in converting various offline sectors into online.
2. To demonstrate the limitations and also the factors regarding the success in transferring the offline model of insurance into online.
3. To discuss the challenges in the incorporation of insurance industry in e-commerce.
4. To briefly discuss the advantages and disadvantages of insurance incorporation in online market.
5. To discuss the future scope of the E-insurance in the upcoming market.

### 4 Challenges of the Insurance Industry in India

The Insurance industries have a high influence in the economic growth and health is one of the major sector in the financial service worldwide. For instance, modern-day and business-driven countries whose economic system is primarily based on generation drastically are uncovered to threat, and individuals want to insurance coverage, and most significantly, they want to provide their charges after retirement. Hence, insurance organizations play a vital role as a stockholder and an investor. All running insurance companies around the world have sold about \$2. 977 billion policies in the year 2003, wherein this profit is about 7.3 percent of the GDP. Approximately 8.00% of GDP has been reserved to buy the products of insurances, the percentage of most of the countries that are developing has been around \$755 billion that is almost 94% in Asian locations mostly India. UK, Italy, and Germany a few of the nations of EU, with 24, 16 and 15 percentage of the market's insurance holders respectively, with an increase fee of 18.5 percentage, completely have issued about 34.488 billion insurance coverage in 2018.



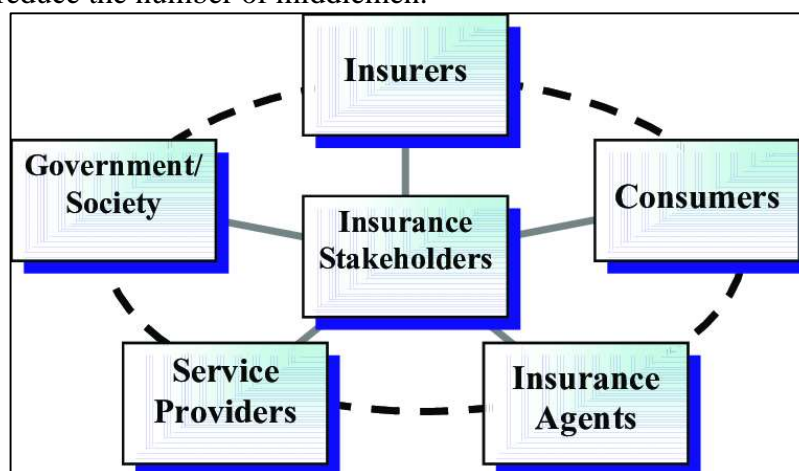
Figure 3: The Key challenges in the insurance sector

## 5 The role of E-Insurance in E-Commerce

E-insurance is the usage of net and statistics generation to provide and distribute the insurance offerings. And the particular that refers e- insurance is, supplying coverage insurance applying policies, agreement, proposals, and negotiations that will be achieved through internet. Although paying premiums, distributing policies and the claiming process can be finished using internet, in a few nations, there are still some regulations on the digital payments, however, in India doing online transactions has become a priority thing nowadays and the most flexible payment option that any Indian would like to select.

The e-insurance impacts the efficiency, like,

1. With the help of e-Insurance, through business automation the administrative and the managerial cost will reduce that will eventually develop the managerial information.
2. With the process of e-Insurance, in India the chain of processing cost will reduce a lot as it will reduce the number of middlemen.



**Figure 4: Major Insurance players**

The rapid reductions of cost in the competitive market, results in low premium rates and thus convincing the people or the end consumers to purchase more policies that leads in more insurance penetration in India. As per the general e-insurance definition, approximately 1 out of \$2.4 trillion of the global premium has earned by way of e-insurance. But on the idea of particular meaning of e-insurance this variety will be much less. Moreover, the newcomer coverage organizations through internet avoids putting in high-priced and lengthy manner of conventional promoting channels, and cutting-edge organizations take benefits of the economic and net services beside their enterprise name and emblem to feature the insurance products to the gathering in their existing gadgets. Consequently the old insurers faces an increasing pressure due to the competition. The merchandise of the insurance that want a little counseling are appropriate on the internet-market, and traditional middlemen discover that their insurance is stumble upon to competitive pressure, but in the case of complex merchandise, and excessive-price transaction, in which the customers are inclined to spend money on consulting, promoting through online are not so appropriate in some cases.



**Figure 5: Insurance policy varieties**

Consequently, the products which have capacity of standardizing, describes using constrained number of parameters are appropriate to advertising using online distribution; which includes vehicle insurance, household coverage, private term insurance and other endowment coverage, though it does not imply that other insurance merchandise don't use of masses of possibilities that e-trade gives them to improve the great of their offerings. In the case of existence coverage, supervisory establishments need to ask insurers to add some gadgets at the issued coverage policies on the website. Item of being undeniable is an example. It method, after a time frame insurers cannot deny the issues provided by means of policyholder and forget about them. Further, a clause on no longer penalizing ought to be proposed. Such sort of clauses defends the coins cost of insurance coverage and affords a time to conserving over the insurance charges that is not terminable and default able. Such objects have to be referred to in the e-insurance, due to the fact, it's far feasible that the insurer can not pay coverage top class on time. In growing nations, because of loss of coverage famous culture and training coverage, and as a way to permit customers make decision on the base of essential statistics, there should be excessive degrees of comparisons between proposed contracts via the internet site.

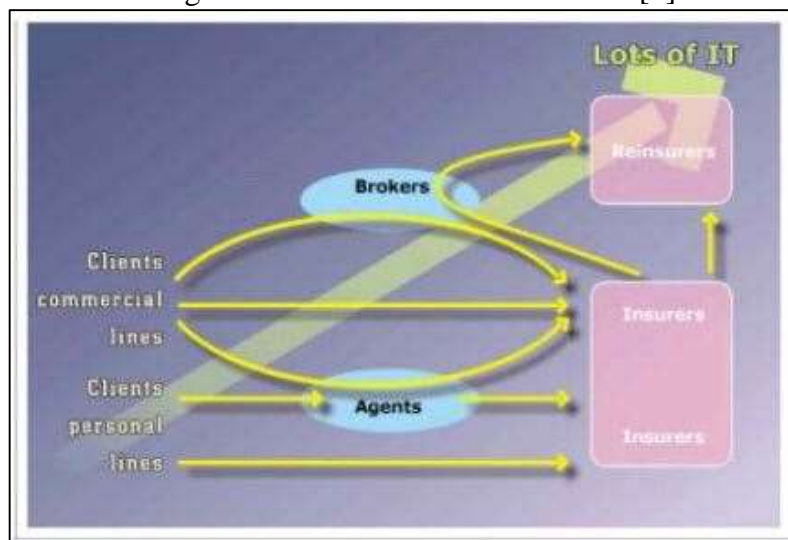
## **6 E-commerce impact on Insurance**

E-commerce and internet are the essential elements, as they not only changed the Indian business strategies but additionally have prompted humans's each day lives. In a quick time frame, the net is seemed as a means of conversation, and studies have shown that people had been the pioneers to attractiveness internet and the use of it in on-line purchases. As nicely as, available evidences suggest the usage of net and developing e-commerce in different countries; and it seems there may be no other choice but to accept it. The arena changes suggest that, inside the ultimate century, using e-trade has been the essential hobby of evolved nations. Growing countries are also shifting fast towards gaining access to and using it. However, all nations based on infrastructures and abilities have invested in this vital pastime [6]. On this segment, after a preliminary discussion about the internet and e-trade, e-coverage is addressed; and subsequently, some applications of the e-trade in insurance businesses could be discussed.

Recently, a number of frictions are there in the insurance sector, results in sale saturation in each the fitness and sectors that are casual. Chatterjee et al., [8] described the reason that transferred to a number of things:(1) The Mutual fund schemes attracted clients far from conventional lifestyles coverage merchandise, (2) rapid increase of medical insurance cost.

Though it is very slow in the e-commerce adoption, but the insurance sector is gaining the pace at a high rate. The threat of an electronics coverage is attractive to multiple sectors within the sector and the capability advantages to be capture by simple process as given below,

1. Discount of transaction charges.
2. Greater competitive merchandise by way of collaborating the rate, and flexibilities of the internet.
3. Sudden rise of markets via generating manyleads also increasing markets more rapid at a fantastically lower cost thereby growing sales.
4. Investment improvement by elaborating the strategies of investments.
5. Opportunities for existing as well as for new intermediaries [8].



**Figure 6: Without e-commerce the chain of insurance policies**

## **7 Limitation of E-commerce**

Insurance organizations which have started out to project online meets may demands to get success. In a trial of the internet websites of the pinnacle a hundred assets-casualty coverage corporations, aronson and mccarthy [9] discovered the online capacity. Few businesses surveyed honestly furnished the potential to purchase policies online.

Is it actually true that the e-insurance has evolved at a high pace? In the year 2018, a study of the top 100 insurance company on property-casualty offers a wide variety of services and more functionality. The functionality online is being increasing in a period of 4 years (Table 1).

**Table 1: Detail of companies offering function**

Function	# of Companies Offering this Function in 2018	# of Companies Offering this Function in 2022
Request Quote	32	34
Purchase Policy	2	4
Site Available in Spanish	0	7
Coverage Calculator	0	4
Comparison to Competition	0	2
Obtain a Copy of a Policy	12	19
Make Payments Online	9	20
Change or Update Policy	0	15
Provide Secure Site	0	47
Explanation of Coverage	0	23
Obtain Auto Insurance Card	4	7
Report a Claim Online	27	29
Locate Agent	43	57
<b>Total Surveyed</b>	<b>100</b>	<b>100</b>

Groups who've commenced to enforce e-insurance faced a few enormous demanding situations. Jessup and chaterjee [8] described the e-insurance in terms of SAFECO's foray. The brand new web based technology into its modern-day enterprise techniques proved as the maximum essential fulfillment elements for an agency. Acquiring the essential technical information to maintain the concerned infrastructure proves to be tricky but of highly significant. During the study of numerous british businesses, hinton and mieczkowska [10] additionally discovered that the potential to understand a healthy among the new generation brand and the already existed process is the mandatory factor to achieve the success.

A number of the maximum limitations to adopt the e-commerce of the specified dealers by way of corporations promoting insurance using internet because of cannibalized fears[11], inter-country regulation [12], and the conservative insurance sector lifestyle [10]. Apart from all these many technical issues are there that impedes the e-insurance development.

### **8 E-Commerce application in Insurance sector**

The E-insurance which is a short of electronics insurance that is a substitute of the conventional insurance application process, and the e-insurance makes the processing much easy and convenient. E-insurance is defined as the media that is based on the modern technologies of Iran in the field of insurance and data that have utilized it at a minimal rate. The major observable places in the e-insurance, is the coordination of hospital and banking system, the einsurance leads in the promotion of all these. The primary benefit of internet providers is the capacity of further and more grounded speaking with clients. In such a manner, all the functioning methods will be executed as motorized systems, for instance, the web-technologies permit all people who are insurance-covered to have the capacity of noticing the necessary data, giving required explicit data.

At the end of the day, the main instruments of electronic insurance are data and correspondence. The above is about exploiting data and correspondence innovation to create another course of insurance that is the direction to the organization and data society.

Consequently, the above insurance incorporates improvement and organization of data foundations, also getting ready and carrying out contracts, important principles and guidelines to execution of the data or computerized society in the protection business.

However, the achievement key to developing a programmed insurance framework is about paying valid attention, archiving and exploring information collection. By considering this characterization has raised the productivity of the insurance administrations system to an incredible degree, and the pattern of giving the consumers' expected supplies and administrations will be additionally increased by utilizing coherent data and effective management.



**Figure 7: The overall applications of e-commerce in the online business strategy**

## **9 E- Insurance benefits/advantages**

### **9.1 Insurer Advantages**

- Policy issuing process and damage control with high speed process.
- The accuracy increase in insurance process.
- The upgraded automated insurance system as per the latest software and hardware facilities.
- Reduces time and system processing durations.
- Reduces the spaces of the offices of multiple insurance organizations.
- Providing the policyholders a perfect set of information.
- Attracting other companies regarding insurances.
- To retain policyholders
- To retain recent contract zones.
- Reduction of using hardcopies.
- Managing and controlling the insurance affairs.
- Inhibiting forgery and fraud.
- Analyzing the exact cost.

### **9.2 Policyholder advantages**

- The actual insurer identification.



- Reduces the insurance presentations in person.
- Lessens the manual form of application.
- Observation of the instruction and information based on the insurances.
- Introduction of letter not required.
- Payment ease and also ease in fund receive.
- Time-reduction on insurance premium payment that leads to satisfaction.

#### **10 E- Insurance disadvantages**

As a general rule, there are two kinds of specialized and non-specialized limits in carrying out electronic business. Specialized obstacles include network reliability and online use, equipment, software requirement and absence of similarity of particular programming with systems administration capacities. However, the expense of creating internet business, customers' data security, admittance to consumers, the interest of clients to contact the item prior to getting the files to have some non-specialized limits that object the creating online business in organizations. Moreover a few different disadvantages and obstacles of utilizing electronic-commerce in business are discussed as below,

- High expenses connected with the vital innovation and absence of normalization of some correspondence conventions.
- Deficiency of correspondence data transfer capacity and software troubles.
- Absence of online and offline integration selling with creation information.
- Limitations on getting to correspondence instruments like remote association and optical fiber.
- Challenges in incorporating foundations of online business with the association's present IT frameworks.
- Clients' anxiety on personal presentation, security issues and confidential data.
- Obstructions connected with organizational behavior and culture and its present structure.
- Support lackness like telecommunications, banks etc.
- Absence of talented and proficient staff for utilizing e-business.
- Negative opposition from the association and issues connected with organizational behavior and culture.
- Fast changes on the clients' necessities.
- Electronics signature illegal use.

#### **11 Conclusions and Future scopes**

Nowadays the insurance sector is going through a transformation towards the e-commerce adoption. The ACORD is considered as the standard body that facilitates the evolution of this sector. The web-technology revolution will provide the knowledge on the insurance apart from the agent and will also suggest the possible policies as per the requirements of the customers. After the proper study of the topic, a discussion on the advantages/disadvantages, benefits of the e-commerce has given a wide view why to use or not to utilize the e-insurance policies. The paper proposes an overview on the impact of e-commerce in insurance policy selling in India for the sustainable development. Furthermore, this also eventually increases the reputation of company that facilitates the cooperation and transfer informational knowledge among the holders. The next stage will remove the agent connection and the whole insurance policies can be done by the client itself.

Businesses must understand the advantages, difficulties, and success aspects of conducting business online in order to fully realise the potential of e-commerce. This study focused on LIC of India and these aspects in the insurance sector. Work efficiency, enhanced image, strategic edge, higher automation technologies, and increased business turnover are the main advantages of adopting e-commerce that the industry did not foresee. The sector's major obstacles include high technological expenses, a lack of understanding of e-commerce, managing change, budgeting, and problems connecting back-end systems. Secure transactions were not regarded as a significant issue for the industry; rather, they were seen as one of the success determinants, along with efficient project management, sufficient resources, top management backing, and quick system delivery. The great majority of e-commerce issues that still awaited were judged by participating firms to be real. However, one important problem that was not fully foreseen was finding IT-skilled personnel.

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