INSURANCE 2030 – THE IMPACT OF ARTIFICIAL INTELLIGENCE ON THE FUTURE OF INSURANCE

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A STUDY ON CUSTOMER SATISFACTION AND AWARENESS ON DIGITALIZATION OF INSURANCE SECTOR

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Abstract

"Power to empower", India is moving towards digitalization. Technology-driven insurance have a major attraction for investors. Accordingly, it is necessary to find out satisfaction and awareness on digitization of insurance sector. Data for the study have been collected from 295 insurance customers through questionnaires by adopting convenience sampling method. Simple percentage and chi-square test have been used to analyze the data. It found from the analysis Majority of the respondents are residing in their Own Residence and Most of the respondents are residing in rural area. Majority of the customers are highly satisfied with the Security and also most of the respondents are satisfied with Processing Speed and customers are dissatisfied with Clarity of Service offered by the insurance companies through online. Chi-square test revels that Qualification, Total Family Income and Type of Residence are associated with level of awareness on digitalization in insurance.

Key words: Digitalization- insurance.

Introduction:

Sound national insurance and reinsurance market is an essential characteristic of economic growth" (UNCTAD, 1964). From 2015 and 2020, Indian insurance technologies have raised greater than US $ 1 billion India's share in global insurance market was 1.69 per cent during 2019 (1.58 per cent in 2018). The COVID 19 pandemic slow downed the 3% annual average global premium growth in 2020 and 2021. The life sector of insurance is affected more than the non life sector but The growth of global non life insurance market is 3.5%(USD 3376 billion) in 2019 slightly high in the 10 year average of 3.2%

Garven,(2002) early work on the implications of advanced digital technology for the insurance industry was mainly concerned with new online distribution channels Major Changes in life style of people and demand for personalized experience, Insurance companies upgraded their platform to attract the customer. McAfee and Brynjolfson, (2012) Big Data analytics allow individual and adaptive calculations of premiums based on information about the insurance holder's behavior.

Technological Innovations in Insurance Industry

- IIA and Xceedance have signed a principal sponsorship agreement.
- PhonePe receives IRDA license.
- Bajaj Allianz and HDFC Ergo have created IoT- based insurance programmes.
- LIC introduced LIC Mitra a virtual assistant.
- New India Assurance launched the BIMA Bot,
- United India Insurance came out with UNI Help.
- National Insurance launched NYRA.

Review of Literature

Eling and Martin Lehmann (2018)" The Impact of Digitalization on the Insurance Value Chain and the Insurability of Risks" identify three key areas of change with respect to insurability the effect of new and more information on information asymmetry and risk pooling, the implications of new technologies on loss frequency and severity, and the increasing dependencies of systems through connectivity.

Schulte-Noelle, Taylor, (2001) "Technological Changes in IT and Their Influence on Insurance" While older data processing systems in the companies were seen chiefly as means to increase efficiency, new generations of digital technology are expected to increase market dynamics and competition, due to more transparency and comparability, lower transaction costs and a wider reach of online platforms

Statement of the Problem

The digital boom has created new trend in all retail focused industries. Technology is changing the insurance industry inside out**.** (By Prasun Sikdar, MD &CEO, Manipal Cigna Health Insurance). Nicoletti, (2016) Pandemic changed he people

view on insurance industry. Changes provide opportunities for insurance companies to enter into a new phase of digital insurance. So it is important to find out awareness on digitalization in insurance industry and Level of Satisfaction towards Online Services Offered in Insurance Sector

Objectives of the Study
- To analyze the awareness on digitalization in insurance sector.
- To identify the Level of Satisfaction towards Online Services Offered in Insurance sector.

Research Methodology
The study is based on the primary data using structured questioner. It contain question relating to socio-economic profile, awareness and Level of Satisfaction on Digitalization of Insurance sector. A Sample of 295 respondents in pollachi taluk has been collected by adopting convenience sampling method. To analyze the data simple percentage and Chi-square tests have been employed.

Findings
I) Socio- Economic Profile
- ✓ Majority of 144(51.2%) respondents are residing in rural area.
- ✓ Majority of 77(26.1%) respondents, belong to age group between 25 and 35 years.
- ✓ Majority of 82(27.8%) respondents, are post graduates.
- ✓ Most of 61(20.7%) respondents are agriculture based.
- ✓ Most of 105(35.6%) respondent's total family Income is Between Rs.30, 000 to Rs.45, 000.
- ✓ Majority of 201(68.1%) respondents are residing in their Own Residence.

II) Level of Satisfaction Towards Online Services Offered in Insurance Sector:

The customers satisfaction towards online services offered in insurance sector is measured by considering the variables like Accessibility of Information, Security, Clarity of Service, Processing Speed, Claims and Settlement and

Factors	Highly satisfied	Satisfied	Dissatisfied
Accessibility of Information	122 (41.35%)	103 (34.91%)	70 (23.72%)
Security	130 (44.06%)	100 (33.89%)	65 (22.03%)
Clarity of Service	97 (32.88%)	88 (29.83%)	110 (37.28%)
Processing Speed	106 (35.93%)	110 (37.28%)	79 (26.77%)
Claims and Settlement	117 (39.66%)	108 (36.61%)	70 (23.72%)
Customer Grievances Solving	99 (33.55%)	106 (35.93%)	90 (30.50%)

customer grievances solving are outlined in the table below.

Table: 1

Level of Satisfaction towards Online Services Offered in Insurance Sector

From the above table it is identified that majority of the customers are highly satisfied with the services like Accessibility of Information, Security, Claims and Settlement and also most of the respondents are satisfied with Processing Speed and customer grievances solving, customers are dissatisfied with Clarity of Service offered by the insurance companies through online.

III) Variables influencing the awareness on digitalization in insurance sector

To find out the association between selected variable and level of awareness on digitalization in insurance the chi - square has been used.

Table: 2 Variable Influencing Level of Awareness on Customers

	Level of awareness on Customers					
Attributes	**High n 126**	**Moderate n 104**	**Low n 65**	**Total**	**d f**	**χ^2 Value**
Area of Residence:						
Rural	64(44.44)	55(38.19)	25(17.36)	144(100)	2	3.675

Urban	62(41.05)	49(32.45)	40(26.49)	151(100)		
Age:						
Up to 25	32(49.23)	24(36.92)	9(13.84)	65(100)		
25-35	31(40.25)	31(40.25)	15(19.48)	77(100)		
35-45	34(53.12)	13(20.31)	17(26.56)	64(100)	8	13.974
45-60	18(34.61)	21(40.38)	13(25)	52(100)		
60 and above	11(29.72)	15(40.54)	11(29.72)	37(100)		
Qualification:						
Up to HSC	22(30.55)	31(40.25)	24(31.16)	77(100)		
UG	39(44.44)	22(30.55)	11(15.27)	72(100)		
PG	35(42.68)	28(34.14)	19(23.17)	82(100)	6	12.249*
Professional	30(46.87)	23(35.93)	11(17.18)	64(100)		
Occupation:						
Agriculture	22(36.06)	21(34.42)	18(29.50)	61(100)		
Business	33(45.20)	25(34.24)	15(20.54)	73(100)		
Salaried	26(46.42)	22(39.28)	8(14.28)	56(100)		
Professional	28(47.45)	19(32.20)	12(20.33)	59(100)	10	10.241
Retired	4(22.22)	10(55.55)	4(22.22)	18(100)		
House wife	13(46.42)	7.00(25)	8(28.57)	28(100)		
Family Income: Amount in Thousands:						
Up to Rs.30,000	39(37.14)	31(29.52)	35(105)	105(100)		
Rs.30,000-Rs.45,000	46(46.93)	41(41.83)	11(11.22)	98(100)	4	14.96**
Above Rs.45,000	41(44.56)	32(34.78)	19(20.65)	92(100)		
Type of Residence:						
Own	77(38.30)	72(35.82)	52(25.87)	201(100)	2	7.135*
Rented	49(52.12)	32(34.04)	13(13.82)	94(100)		

It could be inferred that there exist a significant association between Qualification, Total Family Income and Type of Residence towards the level of awareness on digitalization in insurance.

Conclusion

It is found from the analysis that, there is an association between Qualification, Total Family Income and Type of Residence has significantly associated with awareness on digitalization in insurance sector. Customers are not satisfied with clarity of services offered by insurance sector. Based on the study the following Suggestions are recommended: By conducting awareness programs and Promotional activities can increase the clarity of services offered by insurance sector.

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