



## Impact of E-Insurance in Rural Area with Special Reference to Irinjalakuda

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### ABSTRACT

E-insurance offers a new gateway of incomes and provides additional market penetration, which is a need of an hour for Indian Insurance Segment. This study is conducted to analysis the impact of E- insurance in rural area with special reference to Irinjalakuda locality. Both public and private insurance companies residing in Irinjalakuda are covered under survey. The branch manager or his immediate subordinate is interviewed with the help of questionnaire and data is collected. Collected data are tabulated and analyzed. Pie, bar and column diagrams are used to analyses data. After analyzing data the conclusions are drawn and findings are recorded. Suggestions regarding the study are also provided. Reference work is undergone through internet and various published books.

**Keywords:** E-insurance, IRDA, Insurance repository, life insurance, general insurance.

### 1. INTRODUCTION

Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. In 1999, the Insurance Regulatory and Development Authority (IRDA) were constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market. In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was

converted into a national re-insurer. Today there are 31 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 24 life insurance companies operating in the country. The insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services add about 7% to the country's GDP. A well-developed and evolved insurance sector is a boon for economic development as it provides long-term funds for infrastructure development at the same time strengthening the risk taking ability of the country.

Mainly insurance is classified into two categories namely general insurance and life insurance. Life insurance is so called because it is meant for a long-term period which may stretch to several years or whole life-time of the insured. Long-term insurance covers all life insurance policies. Insurance against risk to one's life is covered under ordinary life assurance. General Insurance also known as non-life insurance, general insurance is normally meant for a short-term period of twelve months or less. Recently, long-term insurance agreements have made an entry into the business of general insurance but their term does not exceed five years. In order to reduce transaction costs and ensure swift modifications in insurance policies, the sectoral regulator IRDA today unveiled guidelines for issuing them electronically. It also laid down the guidelines for repositories, which compile and store data about policyholders on behalf of insurance companies. The objective of creating an insurance repository is o provide policy holders a facility to keep insurance policies in electronic form and to undertake changes, modifications and revisions in the insurance policy with speed and accuracy in order to bring about

efficiency, transparency and cost reduction in the issuance and maintenance of insurance policies. Now, insurance companies can sell all the policies in the electronic form. IRDA said that making available e-insurance policies would bring about efficiency, transparency and cost reduction in issuing and maintaining them. The guidelines state that an insurer issuing 'e-insurance policies,' shall have to take services of a registered repository. A certified insurance repository has to have a net worth of at least Rs 25 core, without any foreign investment, and wherein no insurance company can hold over 10 per cent or hold any managerial position. Further, the guidelines said that an insurer can enter into an agreement with one or more insurance repositories for maintaining the electronic insurance policies. Internet access in India has doubled every year over the last five years and forecasts predict this growth to quadruple every year over the next three years. According to e marketer report on India online, in 2017, about \$7.94 million people in India accessed internet and that's about 2.9% of Indian population. Considering limited access of human-insurance agents in rural areas, there will more demand of purchasing insurance online from these areas, followed by semi-urban areas. E-insurance offers a new gateway of incomes and provides additional market penetration, which is a need of an hour for Indian Insurance Segment.

This study was conducted in Irinjalakuda locality. With the help of questionnaire both public and private insurance companies were surveyed and conclusions were drawn on E-insurance facilities in Irinjalakuda. Eight insurance companies have their branch in this locality and they are providing E-insurance facilities. Even though E-insurance is widely accepted all over India, its acceptance and development in rural areas are limited. So this small survey helped to find out the impact of E-insurance and its awareness in rural area like Irinjalakuda.

### 1.1 An Overview of Insurance sector in India

Insurance in its current form has its history dating back until 1818, when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater to the needs of European community. The pre-independence era in India saw discrimination between the lives of foreigners (English) and Indians with higher premiums being charged for the latter. In 1870, Bombay Mutual Life Assurance Society became the first Indian insurer.

At the dawn of the twentieth century, many insurance companies were founded. In the year 1912, the Life

Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business. The Life Insurance Companies Act, 1912 made it necessary that the premium-rate tables and periodical valuations of companies should be certified by an actuary. However, the disparity still existed as discrimination between Indian and foreign companies. The oldest existing insurance company in India is the National Insurance Company, which was founded in 1906, and is still in business.

The Government of India issued an Ordinance on 19 January 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. In 1972 with the General Insurance Business (Nationalization) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1 January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on 1 January 1973.

The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector. Before that, the industry consisted of only two state insurers: Life Insurers (Life Insurance Corporation of India, LIC) and General Insurers (General Insurance Corporation of India, GIC). GIC had four subsidiary companies. With effect from December 2000, these subsidiaries have been de-linked from the parent company and were set up as independent insurance companies: Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company.

### 1.2 How E-Insurance Benefits Policy Holders and Agents

In India the number of mobile phones is larger than the adult population. This has enabled us to bridge the divide between India and Bharat as access to internet through mobile is now widespread. The Digital India campaign initiated by government is looking at utilizing the JAM Trinity: JanDhan Bank accounts, Aadhar and Mobility. This is where there is an opportunity for insurance companies to ride the wave.

Adoption of mobile technology will benefit all the constituents in the eco system:

- The insurer would benefit from lower cost of operations (paper based processes are expensive), innovation and customization of insurance products can be achieved at low costs
- The distributor would benefit from; reduction in client acquisition and servicing costs; simplification of KYC as this would be based on Aadhar (Bio metric or one time password)
- The policy holder; enhanced accessibility for purchase and post purchase experience
- Safety: There is no risk of loss or damage of a policy as may happen with paper policies; the electronic form ensures that the policies are in safe custody and can be easily accessed when needed.
- Convenience: All insurance policies, be it life, pension, health or general, can be electronically held under a single e IA. This means all details of all policies are available in a single account (place). The details of any of the policies can be accessed at any time by logging on to the online portal of repositories. Premium for all the policies can be paid online and many service requests or complaints can be logged at this website.
- Single Point of Service: All service requests in respect of eIA or any of the electronic policies held under the eIA can be submitted at any of the repository’s service points – there is no need to go to the offices of individual insurance companies for service.
- Less paper work: When you want to buy a new electronic insurance policy under an existing eIA, you don’t need to go through KYC verification all over again, if there are no changes to your KYC details already recorded in your eIA. Further, if you want to make any changes to your personal details like address or contact number, it is enough to change the details in your eIA with a repository by submitting a single request.

## 2. SIGNIFICANCE OF STUDY

The primary aim of this study is to analysis the impact and awareness of E-insurance in rural area with special reference to Irinjalakuda locality. E-insurance is a recent development in insurance industry and its

widely accepted in India. The evolution in the trend of insurance is e-insurance. Many insurance companies in India have their own independent websites catering mediation services at a very low price.

## 3. OBJECTIVES

To study the impact of E-insurance in rural area with special reference to Irinjalakuda

- To identify E-insurance facilities provided by insurance companies
- To analyze customer satisfaction obtained

## 4. RESERCH METODOLOGY

### ➤ Sources of Data

Primary data was collected with the help of questionnaire from eight insurance companies. Secondary data was obtained from published books and different websites.

### ➤ Sample Design

Data was collected from eight insurance companies located in Irinjalakuda. Out of eight companies, four insurance companies were public and other four were private limited companies.

### ➤ Tools Used For Analysis

Collected data was analyzed and presented in the form of tables and diagrams. Pie and bar diagram were used to present data clearly. Simple percentage is employed for analyzing the data collected.

## 4. DATA ANALYSIS

TABLE - 1: Showing types of companies considered under study

Company	No. of Respondents	Percentage
Public co.	4	50%
Private co.	4	50%

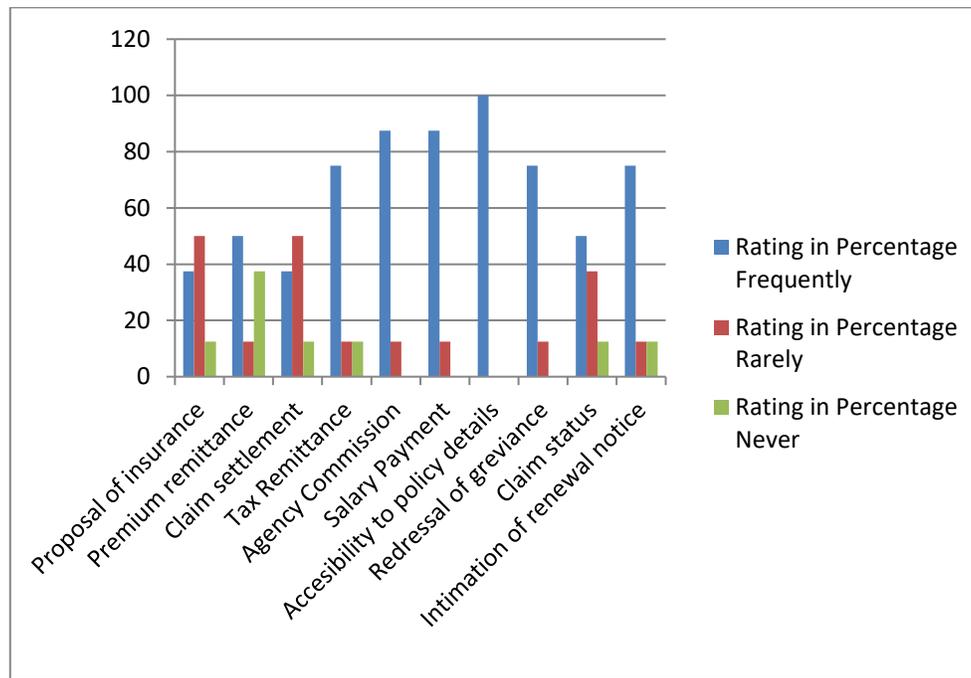
**TABLE - 2: Showing the list of companies under the survey**

<b>Name of Companies</b>
National Insurance Co. Ltd
Life Insurance Co. Ltd
Tata AIG Life Insurance Co. Ltd
New India Assurance Co Ltd
ICICI Prudential Life Insurance Co. Ltd
United India Insurance Co. Ltd
MetLife Insurance Co. Ltd
HDFC Life Insurance Co. Ltd

**TABLE - 3: Showing the rating towards different E-Insurance facilities**

<b>E-Insurance Facilities</b>	<b>Rating in Percentage</b>		
	<b>Frequently</b>	<b>Rarely</b>	<b>Never</b>
Proposal of insurance	37.5	50	12.5
Premium remittance	50	12.5	37.5
Claim settlement	37.5	50	12.5
Tax Remittance	75	12.5	12.5
Agency Commission	87.5	12.5	
Salary Payment	87.5	12.5	
Accessibility to policy details	100		
Redressal of grievances	75	12.5	
Claim status	50	37.5	12.5
Intimation of renewal notice	75	12.5	12.5

**DIAGRAM - 1: Showing the rating towards different E-Insurance facilities**



The diagram - 1 above is based on table 3. It shows the rating of various E-insurance facilities offered by different companies. Accessibility to policy details has been provided by 100% of the companies. 37.5% of the companies have not provided premium remittance facilities. 12.5% of the companies are not providing proposal of insurance, claim settlement, tax remittance, claim status and intimation of renewal notice facilities. Majority of companies i.e. 87.5% are providing agency commission and salary payment facilities.

**TABLE - 4: Showing rating regarding the privacy and security offered by companies**

Rating	No. of Respondents	Percentage
High	6	75
Medium	2	25
Low	0	

**DAIGRAM - 2: Showing rating regarding the privacy and security offered by companies**

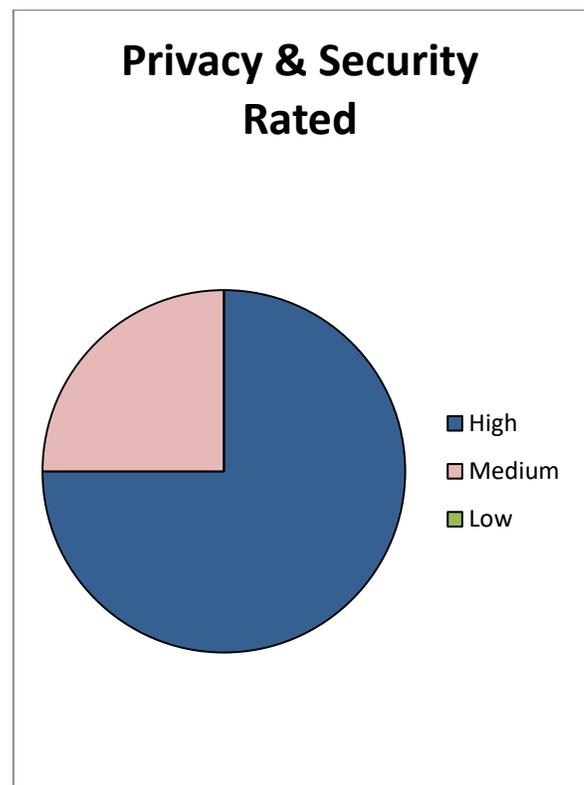


Diagram - 2 represents the table 4 which confirms that 75% of the insurance companies claim their E-insurance facilities provided is highly secured. Only 25% of the companies certify that their companies offer only medium security in E- insurance.

**TABLE - 5: Showing comparison of E-Insurance with other modes of insurance**

Levels	No Respondents	Percentage
Very easy	3	37.5
Comfortable	5	62.5
Complex	0	

**DAIGRAM - 4: Showing comparison of E-insurance with other modes of insurance**

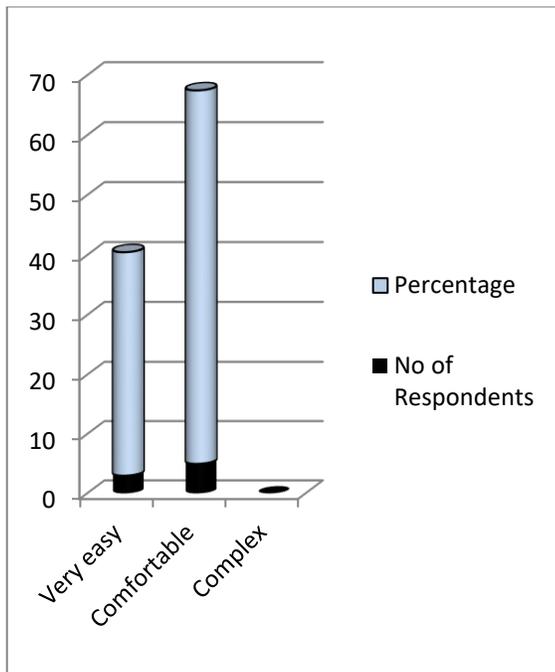
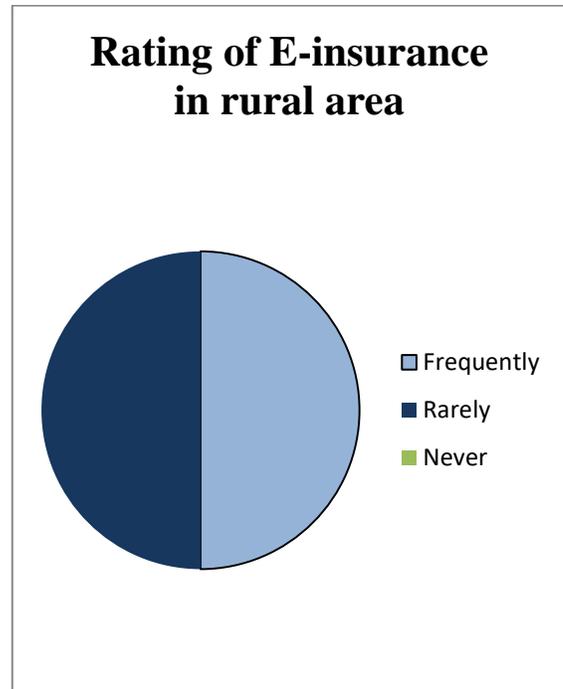


Table - 5 is clearly explained with diagram - 4 shown above. Out of 8 respondents surveyed 62.5% of them where comfortable with the advanced E-insurance facility adopted in their company and only 37.5% respondents' claim that E-insurance facility is very easy to be operated. No respondent agree that E- insurance facilities are very complex to operate.

**TABLE - 6: Showing rating of E- insurance facilities in rural area**

Rating	No Respondents	Percentage
Frequently	4	50
Rarely	4	50
Never	0	

**DAIGRAM - 5: Showing rating of E-insurance facilities in rural area**

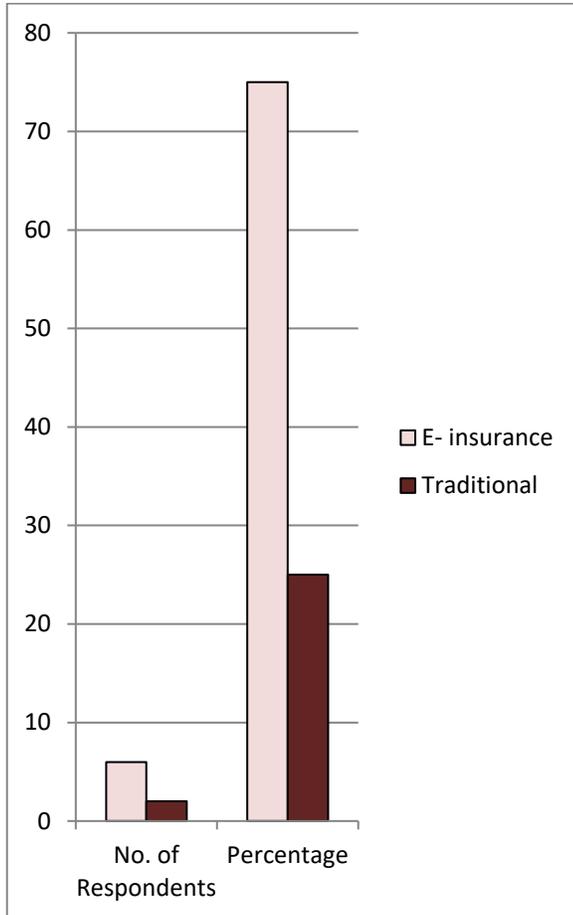


Above diagram - 5 represents table - 6, its clearly figure out that 50% of companies demand that they are frequently providing E- insurance facilities in rural area and on the other hand 50% of companies demand that they rarely provide E-insurance facilities in rural area

**TABLE - 7: Showing customers preference on E-insurance or traditional mode**

Customer Preference	No. of Respondents	Percentage
E- insurance	6	75
Traditional	2	25

**DAIGRAM - 6: Showing customers preference on E-insurance or traditional mode**



According to diagram – 6, it’s clear that 75% of the customers prefer to use E- insurance and 25% of the customers prefer traditional modes. This diagram is based on table - 7 and it’s according to companies rating.

**TABLE - 8: Showing customer satisfactions with E-insurance facilities provided by Companies**

Customer Satisfaction	No of Respondents	Percentage
High	2	25
Medium	6	75
Low		

**DAIGRAM - 7: Showing customer satisfactions with E- insurance facilities provided by companies**

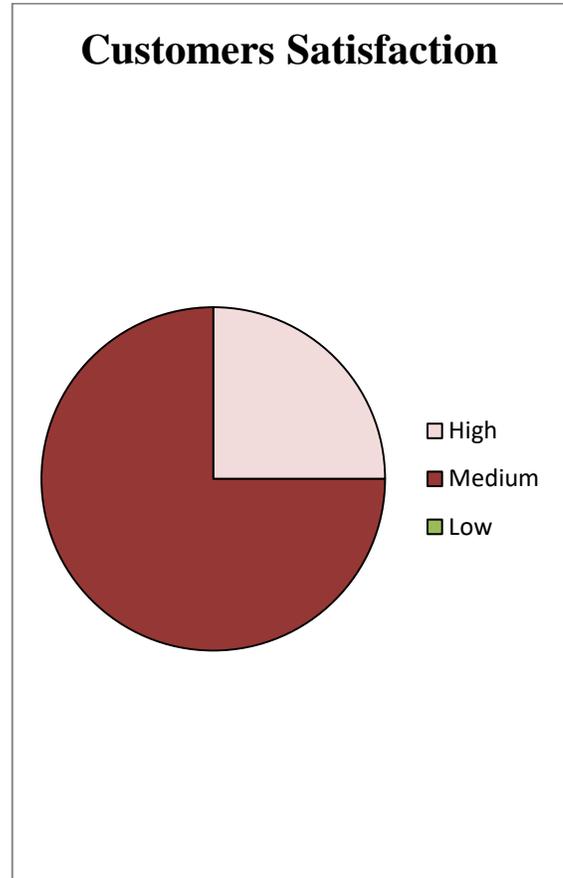


Diagram - 7 is based on table - 8 which represent that 25% of the customers are highly satisfied with the E-insurance facilities provided by companies and 75% of customers are having medium satisfaction on E-insurance facilities provided by companies.

**5. FINDINGS**

- Basic facility that all companies under survey provided was accessibility to policy details. Another E-insurance facility which 87.5% of companies provided is agency commission and salary payment. Proposal of insurance and claim settlement are the least frequently provided service i.e. 37%
- High privacy and security are certified by 75% of companies.
- 62.5% of companies are comfortable with the operation of E-insurance.

- 50% of companies are providing E-insurance facilities in rural area.
- 75% of customers prefer E-insurance than traditional mode.
- Medium customer satisfaction is achieved by 75% of companies.

## 6. CONCLUSION

The study of impact of E-insurance in rural area with special reference to Irinjalakuda was done with the help of questionnaire. Eight insurance companies in Irinjalakuda were surveyed and it included four public and four private companies. When data was analyzed it was clear that E-insurance facilities are in a stage of developing in rural area. Many basic facilities like accessibility to policy details are provided by every company under survey. The customers are also aware of E-insurance facilities and are ready to make use of those facilities in future. So the E-insurance is getting widely accepted even in rural area also. Privacy and security offered by insurance companies are high and the customer satisfactions achieved by companies are also in a comfortable level.

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