



## Complementary Role of Information Technology in Advancement of Insurance Sector

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### **Abstract:**

*In India, from last few years information technology is used extensively in the areas of buying and selling, finance, advertising in different fields of business. Through advertising on the Internet, companies can use it to increase sales of their products. Travel, booking of hotels, etc. is done easily through the internet. Internet is used to pay workers' wages, telephone, mobile and electricity bills. Information technology is widely used in the tourism sector. Tourist places, their distances, and other necessary information are available through GPS and various websites on the net. Information technology has made these tasks easier and more convenient.*

*Information technology is also widely used in agriculture. The seeds required for agriculture in the agriculture business, along with various types of information for harvesting, as well as the latest machinery of agribusiness can be easily accessed through technology. Farmers can get information about the market value of crops and their demand etc. Also, due to information technology, information on weather forecasts for agriculture can be obtained through various websites. But the subject of how information technology is being used in the insurance sector Researches have been done. Today, the insurance companies have been instructed by the government to use information technology in the insurance sector and a committee has also been formed for how the entire work of crop insurance can be done using information technology. This research paper has been written with the objective of studying the impact of information technology on the insurance sector.*

**Keywords:** *Information Technology, Internet, Crop Insurance etc.*



### **Research Methodology**

The research paper based on secondary data collected.

### **The Objective of Research:**

The main objectives of the research presented are as follows.

- 1) To study the impact of information technology on the Insurance sector.
- 2) To get information about the changing functioning of Insurance.
- 3) Understanding the benefits and limitations of information technology in the insurance sector.

### **Data Collection**

Data has collected from newspaper, books, magazines, reports, and websites.

### **Introduction:**

Today the world seems very limited and small due to the existence of computers. The computer provides you with the information you want. This diversity of computer-aided information helps you reach new heights of the line and at the same time become more self-contained. Computers include language, science, art, sports, literature, communication, business, culture, and more. It has the power to meet the needs of all in every field. A vast array of technically accurate information is always available to us on other computer devices due to its integral properties. These unique global features of computers led to the emergence of a new branch of information technology. With the help of a computer, not only is information becoming available to you, but the computer also has the power to store the information you provide. Computers have no option in the fields of education, business, tourism, literature and culture, medical field, weather monitoring, etc. Information technology is the acquisition of various information with the help of computers.

Today, technology and technological innovations in the insurance sector are now determining its growth and development. The last few years have seen the impact of GPS functionality, mobile devices, and social media engagement on how



insurance claims are processed by policies assessed by companies and insurance agents. Valuing customer interactions and analyzing data is more important than ever and has helped insurance companies maximize profits while making customers happy. Insurance regulator IRDA has said that information technology (IT) company Wipro Insurance is developing a system to address customer complaints. IRDA said in a statement that Wipro has been selected as an agency to develop and implement an integrated complaint settlement management system. Earlier, the regulator had shortlisted TCS, CMC, Wipro, NSE IT, and Deloitte for the system.

The central government has asked the state governments to use the latest technology to ensure timely settlement of this year's insurance claims under the Pradhan Mantri Fasal Bima Yojana (PMFBY). A senior official of the Ministry of Agriculture has given this information. In the current crop year 2017-18 (July-June), | PMFBY under 19,163.48 crore crop insurance has been done by 4.79 crore farmers. The ministry is still engaged in calculating his claims. The use of technology within 2 months after the receipt of crop yield data from the state governments has reduced the settlement time to some extent. However, to ensure timely settlement of claims, we have asked states to use all new technologies. He said that the delay in settlement of claims could be due to various reasons. Such delay in estimating yield loss may be one reason. Apart from this, non-receipt of the state share in premium, the discrepancy in yield figures, and details of accounts of farmers are not available. PMFBY Under, claims are settled on the basis of yield loss assessment at the end of the season. States have been asked to use remote sensing technology, smartphones, and mobile apps to make quick estimates of crop losses. Already, stakeholders

have been linked together on a common crop insurance portal to ensure a smooth flow of information and services. Indian insurance companies are lagging far behind in investing in digital technology compared to other countries. India needs to adopt such technology so that products that meet customer demand can be launched.



### **The Meaning of Information Technology:**

The definition of information technology can vary from person to person. For some, IT can be a supercomputer, for others, it can be a laptop or a palmtop that fits on Hato's palms. While some may call the mobile revolution an information technology (IT) according to former Prime Minister Atal Bihari Vajpayee, the English acronym for Information Technology (I.T. - India's Tomorrow) has a rich future for India.

Information technology also includes the acquisition, processing, storage, and transmission of information through telecommunications through various electronic devices (such as computers).

### **The Impact of Information Technology on Insurance Sector:**

Today e-commerce giants such as Texas Farmers Insurance Company, Liberty Insurance Corporation, Allstate Texas Lloyds and ASI Lloyds have adopted challenging faster and more reliable new ways to buy insurance. New networks are being established to enhance end-user experiences and settle insurance claims. Nowadays, policies are clearly explained on the portals of insurance companies and interested visitors are communicating directly with agents using online chat tools and video conferencing facilities to inquire about eligibility aspects. Social media branding is playing an important role in insurance companies. There is no need to spend a lot of money to build and maintain your brands. They are using only a fraction of the budget used in the past to achieve the same objectives by promoting and advertising by social media. Insurance companies on Facebook, Twitter, Instagram, and other social media locations are targeting Prime customers very effectively using Marketing Insights features and analytics tools. Technology is helping to reduce the working capital of insurance companies. Providing a great opportunity for insurance companies to achieve higher profit margins through online activities, electronic fund transfer and process automation. Which are only possible using reliable techniques?

Today, the Internet has completely changed the process of service delivery. The Internet is also used today to sell insurance policies. In fact, the Internet has proved to



be one of the most used distribution networks for the sale of insurance policies. The Internet is also used to send premium information to policyholders via e-mail. There are websites of companies like LIC ([www.licindia.com](http://www.licindia.com)), ICICI ([www.iciciprudential.com](http://www.iciciprudential.com)) from where people can get information about their products, prices, various schemes, and many more. People can also buy insurance through this website. Today almost all major insurance companies offer ECS facilities to their customers. Policyholders who have an account with any bank that is a member of the local

branch can opt for ECS debit to pay the premium. The advantage here is that once this option is exercised, the policyholder does not have to go to the branch to pay the premium or submit the receipt.

In the past, it took several months to change the policy from one branch to another. But today you can pay the insurance premium from anywhere in India. Many insurance plans, their terms, complete information is available at your fingertips, literally. In the past, the company's agent used to take a long time to get information about the new policy of the company. Today, however, details of the new policy announced by the company are available not only to the agent but also to the prospective insured. Email, voicemail, website, toll-free number helps in resolving the insured's doubts quickly. New insurers as well as government insurers have taken advantage of information technology to a great extent.

Information Technology (I.T.) has two main means of communication. He is on the Internet and intranet. You can get detailed information about it by visiting the websites of various insurance companies, insurance service providers, personal insurance analysts, etc. on the Internet. An intranet can be a means of communication between a particular insurance company, its officers, its agents, and its insured customers. No outsider will be able to access it. This can greatly increase internal efficiency. Each insured person will be given an email ID. This allows him to communicate with her immediately. The person can store relevant information as well as print copies. The insured can make an insurance policy as per his requirement.



You can compare many of them by getting different types of insurance offers. He can also discuss his insurance needs, various insurance policies, and claims through negotiation and video conferencing. Information about the loan on the insurance policy, its surrender value, etc. can be obtained from home. They get all the information about the current status of their policy, premium payment, bonus to be paid next premium, nearest insurance office, information about different types of loans, tax relief due to insurance, etc. at home. Now the insured does not have to stand in a queue to pay the insurance premium. With the help of a home banking facility, he can pay the premium to the insurance company through the Internet.

Insurance agents also use computers and the Internet to serve their customers. Instructions for payment of insurance premiums, guidance on claims, and information on various policies can be given to the insured or prospective customers immediately. All the information about their customers is available at home without going to the insurance company's office.

Life Insurance Corporation is using video conferencing for networking, meetings, and conferences of all its branches, satellite offices, and regional offices. The network infrastructure has been enhanced in the year 2014-15 to ensure business continuity across the country. New Business Processing, Policy Servicing, and GBNI Standard programs for the associated operations of the offices of the Government have been developed at the Corporation headquarters. Real-time information flow has been implemented to update the centralized database (online data store), which is the GBNI. Caters to the services provided through the portal [www.licindia.in](http://www.licindia.in). G.B.N. The portal is the largest collection center for 35634 outlets actively providing premium collection and other services. Portal collection has increased to 17 crore policies in the year 2014-15. The percentage of all Indian collections of premium collections through portal channels has increased to 45.50% in 2014-15 from 41.56% in 2013-14. Apart from premium collection, the portal has enabled marketing officers to provide customer facilities under which 2 lakh e-proposals have been approved which have reduced the burden of branch offices. The



portal also provides direct services to over 1 crore customers. 1245 mini offices are operational through the portal system. During the year 2014-15, additional testing facilities were provided at the Mini Office - a facility for obtaining data on bonus and credit entitlement, and NEFT mandate. The data warehouse is the single source for all regulatory and management related information reports. It is a rich source of lead generation and customer interaction, as well as a rich source of cost savings through the initiative of sending single notices to customers holding various policies.

During 2014-15, the integration of the eKYC application with eFeap was successfully conducted. In the coming years, LIC aims to make various self-developed programs more efficient for the use of eKYC through eFeap and portal. To protect its IT infrastructure from external threats, Life Insurance Corporation of India has also installed the latest IT security products in its setup. This is followed by an information security audit. The Software Development Department of Information Technology supports all marketing and administration activities of the corporation and handles all policy-related operations across its branch and satellite offices spread across India. The department provides modules to the information technology needs of all the internal user departments by providing modules as per requirements and improving from time to time. During 2014-15, a pilot project was undertaken with five insurance repositories under the directions of the Insurance Regulatory and Development Authority of India (IRDAI) for both new business and existing business. The corporation has started a variety of projects such as - e-Term Plan which is an online term insurance plan to be used by technology-savvy customers who have received tremendous response and the reinsurance module - with the reinsurer a perfect online system for the smooth administration of reinsured policies.

The Department of Information Technology has played an important role in facilitating the users to work in Hindi. In almost all modules, the option to use Hindi as a medium has been provided, and correspondence has been provided to the customers in the Devanagari script. All aspects of policy services such as



premium notices claim information, National Electronic Funds Transfer Information (NEFT) facilities have been considered as an important medium for achieving efficient decision making in the organization.

### **Conclusion:**

Information technology has been found to have a direct or indirect effect on various aspects of life and the insurance sector is no exception. The uniformity of work has changed fundamentally due to computerization in many aspects, such as consistency, accuracy, speed, quality of work, efficiency, etc. Considering the ongoing market trends and customer preferences, technology has now emerged as a good concept, but one important thing is that for success, insurance companies have to keep pace with the latest technologies and continuously the end-user solution has to be enhanced. This is a new way to challenge competitors and stay competitive. The better and effective technology you use, the greater the growth.

The real need for insurance is more in rural areas and given this requirement, there are many opportunities to do insurance business in rural areas. For this, the real use of IT will be for the development and expansion of insurance in rural areas. Given the current expanding network of telephones and mobiles, the expansion of the Internet and computers will not take long to reach the end of rural areas. Therefore, it will not take long for insurance companies and insurance agents to take root in rural areas.

### **Suggestions:**

- 1) Life insurance penetration in India is less than three percent as compared to other developing countries. It has to be increased.
- 2) Indian insurance companies are lagging far behind in investing in digital technology compared to the rest of their countries. It has to be increased.
- 3) With the increasing penetration of smartphones and internet access, insurance companies should adopt new technology to meet the needs of modern customers.





- 4) Insurers should adapt to the needs of the new generation of customers and take advantage of the explosion of data and digital footprints in the changing investment environment.
- 5) India needs to adopt such technology so that products that meet customer demand can be launched.

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