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IMPACT OF DIGITALIZATION ON MOTORINSURANCE

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Abstract

The development of the economy is depend upon the financial system. After implementation of New Economics Policy in India, the insurance sector is one of the major players in the financial system. Digitalization has brought significant improvements in the insurance industry by increasing efficiency, transparency, reducing frauds and other benefits. The insurance sector is the most happening sector today that continues to evolve with the digital transformation and helping them to change their traditional ways of doing the business by enabling new personalized products and services. Digitalization is helping the insurance businesses to become more, with technological advancements offering new opportunities for insurers to transform their business processes and customer engagement.

Keywords: Economy, Digitalization, Insurance, Transparency, and financial system.

Introduction

Motor insurance is type of insurance that provides coverage for vehicles like cars motorcycles and truck. It helps protect against from financial losses in case of accidents thefts or damaged to your vehicle. It's important to have motor insurance to ensure you are financially protected on the road having motor insurance is not only a legal requirement in many places, but it also gives you peace of mind knowing that your protected financially different insurance policies offer various levels of coverage so its importance to choose one that suits your needs.

Digital insurances are providing online tools and platforms that use technology to provide efficient and personalized insurance services to customers and it also improves internal operations. They enable customers to access files, track claims, policies, receive assistance and make payment online by using mobile devices. It results in reducing the cost, improving customers satisfaction, and improving the efficiency to the customers.

Digital transformation is impacting the industries at a fast pace. The process of digitalization involves the conversion of physical data into computer accessible format. Digitalization is the integration of digital technology into existing processes. In the insurance industry they are providing the best consumer experience is everything and digitizes is key to achieve the goal. Consumers are using the digital channel not only for basic transactional activities but also for financial services.

Digital insurance helps insurer to improve their competitive edge by providing a more convenient and personal experience. It is a reference to insurance companies that have a technology first operations model to handle the sales and service. It of insurance policies

Digital insurance allows the customer to manage their insurance policies, billing online and claims without the needs for traditional in person appointments or filling the document. And it also allows to insurer manage their operations digitally such as handling claims, billing process and sales.

- **Enhancing customer experience:** Digital insurance aims to provide a seamless and user-friendly experience for customers, allowing them to easily access and manage their insurance policies online or through mobile apps.
- **Improving operational efficiency:** By digitizing various processes and automating tasks, digital insurance aims to streamline operations, reduce paperwork, and increase efficiency in underwriting, claims processing, and policy administration.
- **Expanding market reach:** Digital insurance enables insurance companies to reach a wider customer base by leveraging online platforms and digital marketing strategies. This can help in targeting new customer segments and expanding into new markets.
- **Strengthening fraud detection and prevention:** Digital insurance utilizes advanced algorithms and machine learning techniques to detect and prevent fraudulent activities, reducing financial losses for both insurers and policyholders.
- **Enabling innovative insurance products and services:** Digital insurance opens opportunities for insurers to develop and offer new types of insurance products, such as usage-based insurance or on-demand coverage, tailored to the evolving needs of customers.

Literature Review

Denise Bezzina (2022) suggested that the digital journey is all about the needs of the customer and changing the demands and the effects of digitized customer relationship are a priority for all insurance organizations. In this study the perceived factors which have an impact on clients and employees within the insurance sector. The objective of this study is to assess the perceptions of employees on digital transformation and propose how to manage in the best way possible, to gain a positive impact on insurance companies and their clients and employees. This study concluded that employees of insurance industry agreed in their perception of digital innovation increased both the employees, client, satisfaction and retention.

Martin Eling, Martin Lehmann (2018) This study analyzes the impact of digital transformation on the insurance sector using Porter's value chain. This study also presents the future research directions from the academic and practitioner points of views. It results illustrate the four major tasks the industry is facing following are enhancing the customer proficiency, improving its business processes, introducing the new products, and preparing for competition with any other industries.

Rajesh Verma, Kunal Goyal (2021) In the present scenario, digitalization plays a important role in every sector. Every sector is evolving with technological advancements. This study is concerned with the impact of digitalization on marketing of insurance products on various aspects from getting information about the policies, resolving queries, claim processes and other aspects. It how digitalization has affected insurance products. This study analyzed the how customers are now interested in purchasing insurance online, Web aggregator and their role in making insurance sector more digitalized which is more benefitted to customers as well as insurers, and the new practices adopted by insurer to deliver greater value to their current and prospective customers.

Objectives

- To study digitalization tools in insurance sector
- To focus on the growth of insurance sector due to digitalization.
- To study the perception of customers about digitalization in motor insurance.

Uses of Digital tools in insurance company

- **Automation**

Digitalization enables the automation of manual and repetitive tasks such as policy issuances, document management and the claims processing. This will result in human error, improves the efficiency and free up the resources for complex tasks.

- **Online portals and Mobile apps**

In the insurance company insurers are developing the user-friendly online portals and mobile apps that allows the customer to access the policy information, making payments and file claims and communicate with insurers. This will lead to improves the customer satisfaction and it enables the self-service option.

- **Artificial Intelligence and Machine learning**

AI and Machine learning are the technologies are being used in the insurance industry for tasks of insurance information like fraud detection, risk assessment and customer service. AI chat bots are ready to help the customers and support the answer to the customers queries and it leads to improving the response times and it reduces the costs.

- **Internet of Things (IoT)**

With the Internet of Things, insurance providers have access to customer data collected in real time. IoT devices such as telematic devices in vehicles smart home sensor and it generates the real time data that data used by insurer to assess the risk and prevent losses.

Benefits of Digital Insurance

- **Improved Customer Experience**

Digitalization of the insurance industry has improved the customer experience by making insurance services easier to access through the online platforms such as websites, mobile apps, and the customer portals. Customer can access policy information, files claim and communicate with insurers through the online portals, mobile apps to get convenient faster response.

- **Optimised Processes**

Digital platforms have streamlined various insurance processes and made them more efficient. Policy issuance, underwriting, and claims processing can be automated and completed much faster. Automation

of routine tasks reduces the chances of errors and reduces paperwork, which benefits both the insurance company and its customers.

- **Cost Savings**

The elimination of paper-based processes, reduced need for physical infrastructure, and decreased manual labour all contribute to cost savings. In addition, insurance companies can leverage cloud computing and data analytics to streamline complex processes and streamlined operations. These cost savings as part of the digital transformation of insurance are often passed on to policyholders through lower premiums.

- **Personalized Policies**

Digital technologies enable insurers to collect and analyse vast amounts of data. This allows insurance companies to offer personalized policies based on a customer's needs. This personalization benefits customers by reducing insurance premiums and increasing customer satisfaction.

- **Data Analytics and Risk Assessment**

Digitalization enables the insurers to collect and analyse vast amount of data. This can be used to gain insights into the customer behaviour and assess risk more accurately and develop tailored insurance products.

- **Faster Claims Processing**

In the past, filing and processing insurance claims could be tiring and time-consuming. In present scenario digitization plays a significant role in insurance company with the help of digitalization policyholders can file claims online and receive quicker responses. This not only benefits policyholders during stressful times but also enhances the reputation of the insurance.

Growth of insurance sector due to digitalization in motor insurance

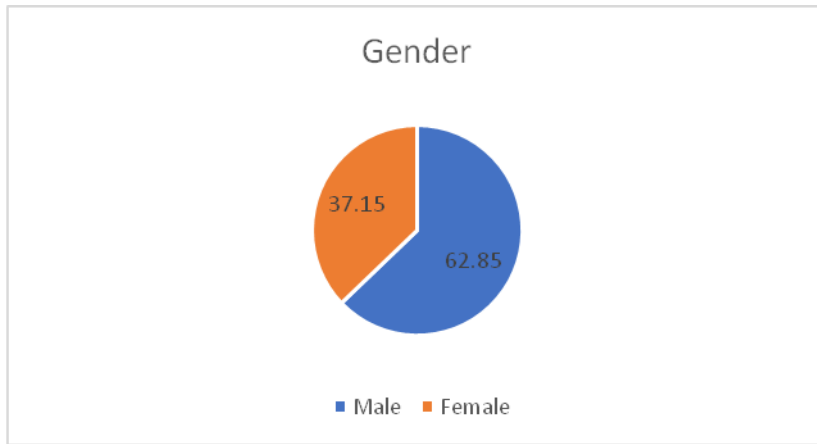
The motor insurance has increased the development of the economy due to the digitalisation in motor insurance market size is estimated INR one trillion in 2024, and is expected to reach INR 1.7 trillion by 2029, it's growing level 0.16% during the forecast period of (2024-2029). Being one of the largest automotive sector India had over 295 million register vehicles since 2019. Online Insurance witnessing fastest growth in motor insurance Because of easiness on buying online insurance policy, guidance provided regarding discounts, offers and plan by aggregators. Also growing the penetration of internet contributing to growth of this segment. These Initiative taken by Insurance Regulatory and Development Authority for permitting insurer to conduct video-based KYC supporting the growth of online insurance.

ResearchMethodology

This article is based on primary data and secondary data. The primary data were collected through a questionnaire. Survey is conducted through google forms to elicit the views of the customers who had taken motor insurance. Sample size is 100. Responses were received from 70 customers. Secondary data has been obtained from various sources such as business magazines, journals, and newspapers to study the relevant aspects.

Data Analysis and Interpretation**Table:1 showing Gender**

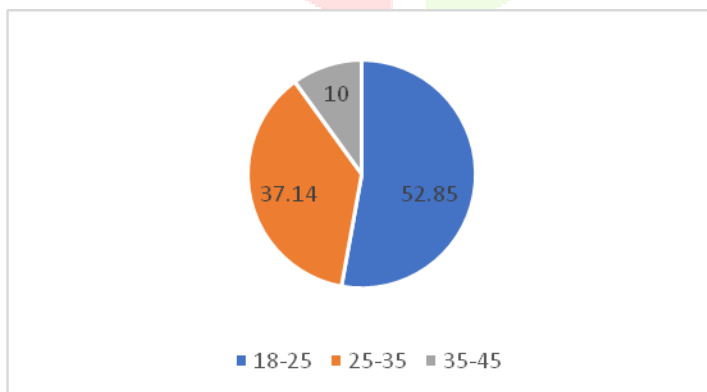
Options	Number of respondents	Percentage
Male	44	62.85
Female	26	37.15
Total	70	100



Interpretation: Figures show that the highest percentage respondents are male i.e., 62.85 and lowest percentage of respondents are female i.e., 37.15%.

Table 2: Showing the Age groups.

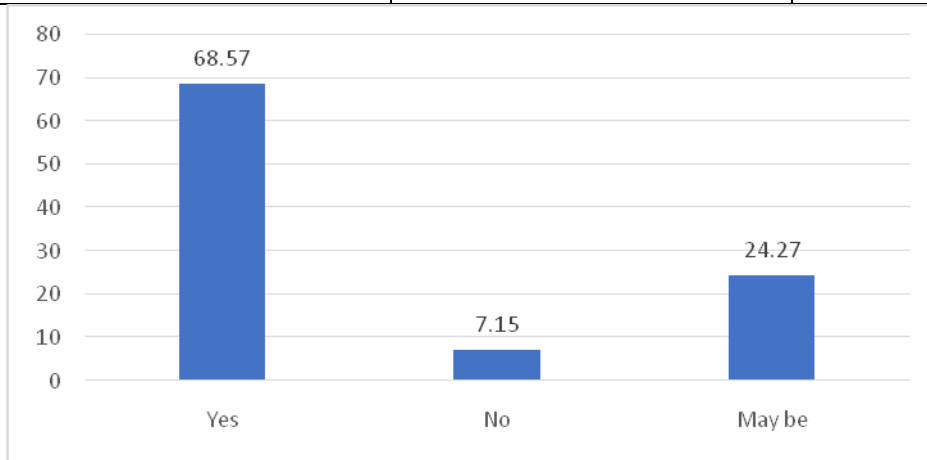
Particulars	Number of Respondents	Percentage
18-25	37	52.85
25-35	26	37.14
35-45	7	10
Above 45	-	-
Total	70	100



Interpretation: Above figures shows the most of the respondents are from age group of 18-25 with 52.85% and from age group of 25-35 i.e., 37.14%. but above 35-45 age groups are less found i.e., 10.

Table:3 Are you aware of digital motor insurance?

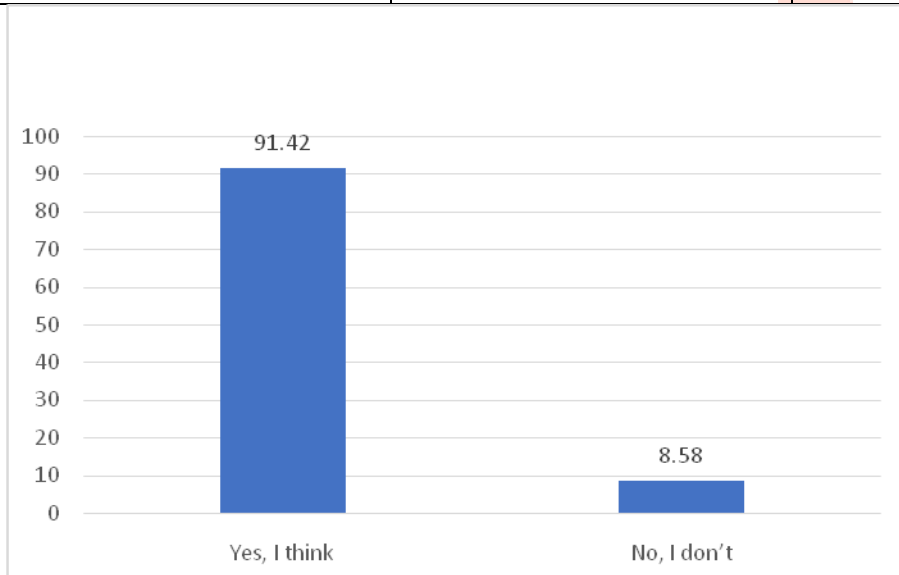
Particular	Number of Respondents	Percentage
Yes	48	68.57
No	5	7.15
May be	17	24.27
Total	70	100



Interpretation: It is shown that respondents are awareness of digital motor insurance i.e.,68.57.

Table:showing Do you think insuring your vehicle is important?

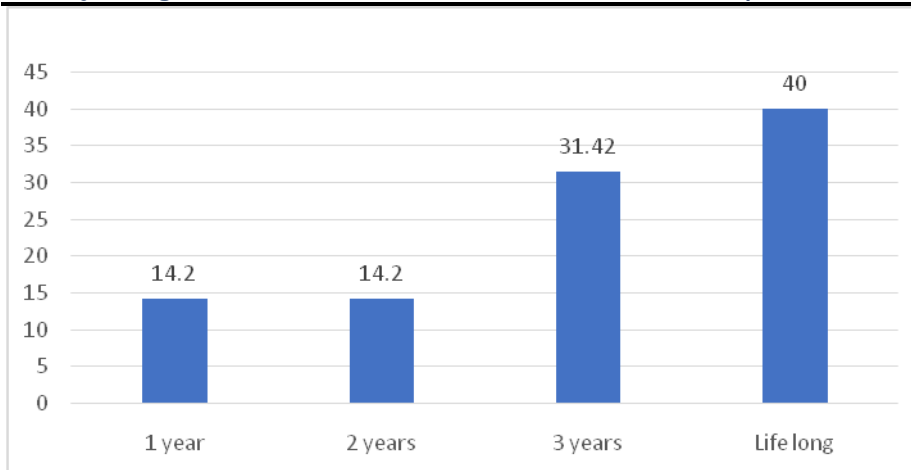
Particular	Frequency	Percentage
Yes, I think	64	91.42
No, I don't	6	8.58
Total	70	100



Interpretation: Many of the respondents,around91.42% are responded that insuring vehicle insuranceis important intheir life, as it protect from financial losses.

Table:4 What is duration of motor insurance policy?

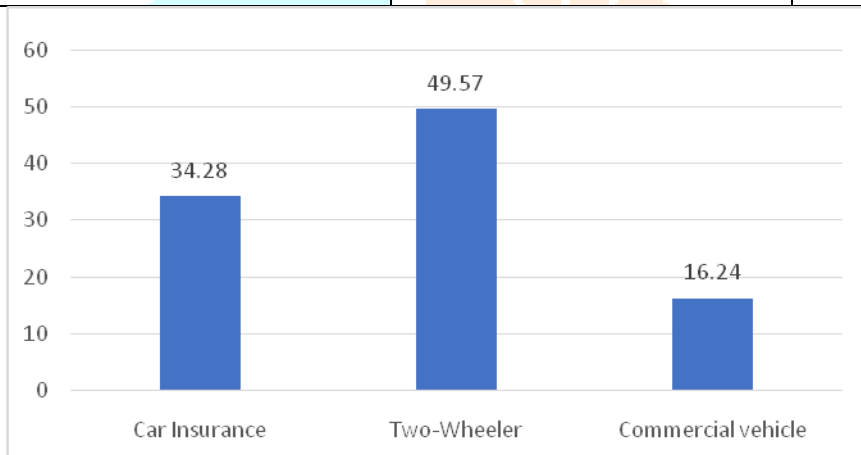
Particular	Frequency	Percentage
1 year	10	14.2
2 years	10	14.2
3 years	22	31.42
Life long	28	40
Total	70	100



Interpretation: Above figure shows that most of the respondents are response i.e., 40% are duration of motor insurance is for long life, but most respondents are response that duration may be 3 years i.e., 31.42%.

Table:5 What type of motor insurance do you have?

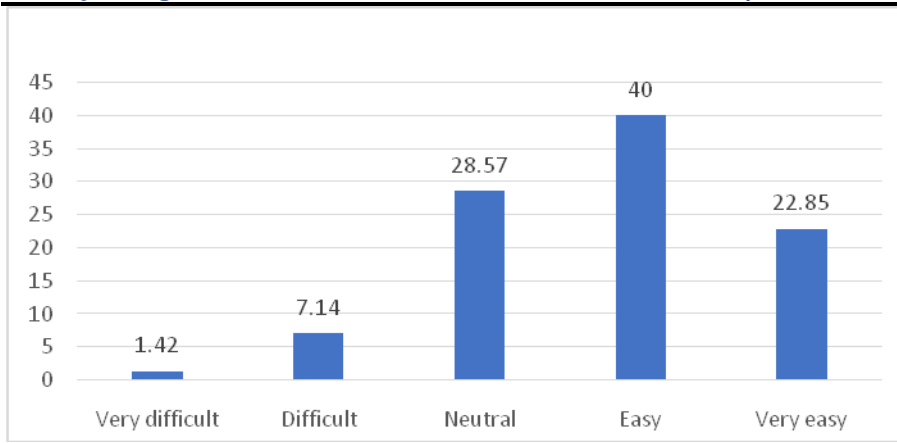
Particular	Number of respondents	Percentage
Car Insurance	24	34.28
Two-Wheeler	34	49.57
Commercial vehicle	11	16.24
Total	70	100



Interpretation: From the above given figure it is shown that 34 respondents taken the Two-Wheeler motor insurance i.e., 49.57%. 24 respondents took car insurance i.e., 34.28%.

Table:6 Rate the procedure for applying a digital motor insurance?

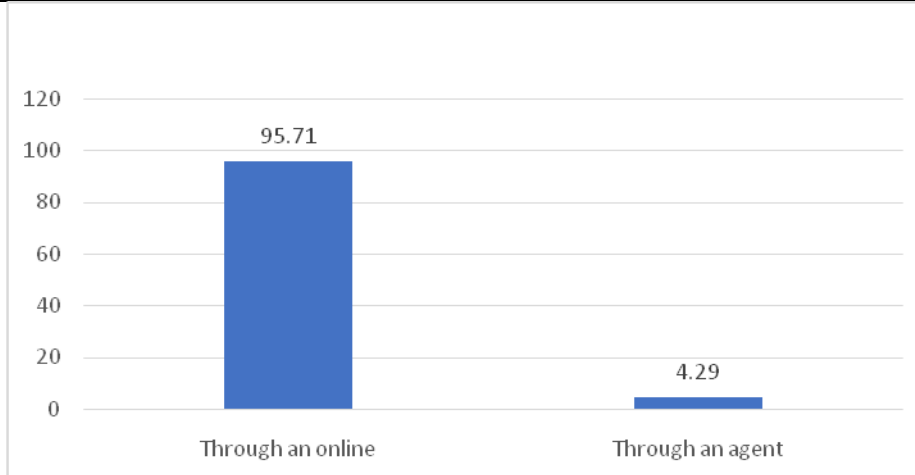
Particular	Number of respondents	Percentage
Very difficult	1	1.42
Difficult	5	7.14
Neutral	20	28.57
Easy	28	40
Very easy	16	22.85
Total	70	100



Interpretation: 28 respondents response that procedure for applying a digital motor insurance is easy i.e.; 40%.and some respondents response that neutral i.e.;28.57%.

Table:7 Which method do you prefer for applying motor insurance?

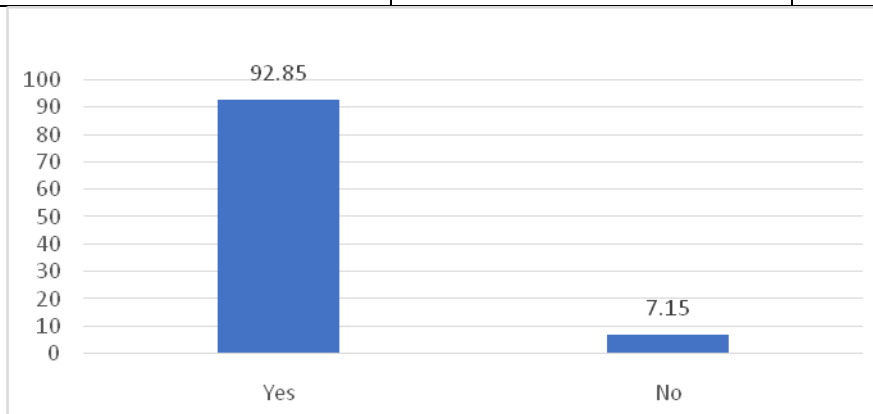
Particular	Number of respondents	Percentage
Through an online	67	95.71
Through an agent	3	4.29
Total	70	100



Interpretation: From the above given figure it is shown that 95.71% respondents are responded that they prefer applying online for applying motor insurance.

Table:8 Does motor insurance provide 24/7 services?

Particulars	Number of respondents	Percentage
Yes	65	92.85
No	5	7.15
Total	70	100

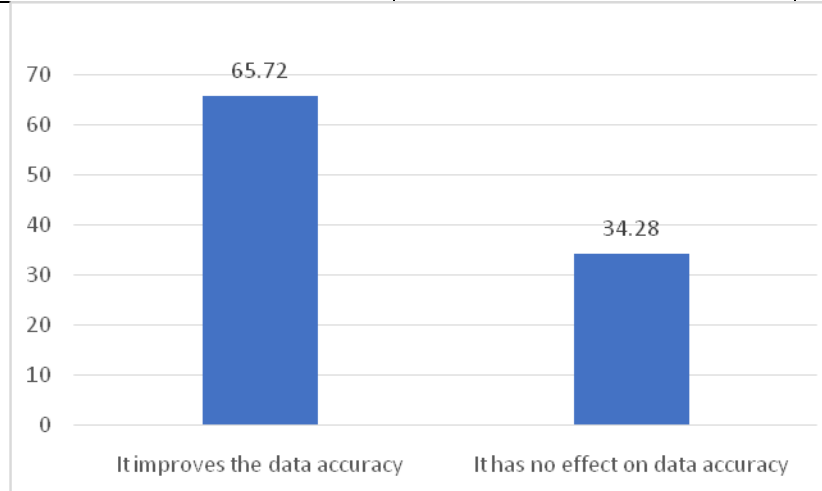


Interpretation: From the above figure, it is shows that majority of respondents are responded

Motor insurance services are provided 24/7.

Table :8 How does digitalization impact the accuracy of motor insurance data ?

Particulars	Number of respondents	Percentage
It improves the data accuracy	46	65.72
It has no effect on data accuracy	24	34.28
It decreases the data accuracy	-	-
Total	70	100



Interpretation: Around 65.72% respondents are response that it improves data accuracy through digital.

Findings

- Based on the impact of digitalization on motor insurance, it is found that the 65.85% of respondents are male and female are 35.15% of respondents are female fall under the age group of 18-25, 25-35 and 35-45 respectively. The highest percentage of respondents are Male under the age group 18-25.
- Around 68.57. respondents are aware of digitalization in motor insurance.
- Around 91.42% are response that insuring vehicle is important in their life, and, as it protect from financial losses.
- Most of the respondents are response i.e, 40% are duration of motor insurance is for long life.
- 24 respondents are taken car insurance i.e., 34.28%.
- It is found that 28 respondents' response that procedure for applying a digital motor insurance is easy.
- It was found that 95.71% of respondents responded that they prefer applying online for motor insurance.
- From the above figure, it is shows that majority of respondents are responded.
- Motor insurance provides 24/7 services.
- Most of the respondents are response that it improves data accuracy through digital. i.e; 65.72%.

Suggestions

The present study offers the following suggestions:

- The insurance industry must create awareness about the digitalized/online facilities provided by them among the customers.
- The insurance industry must increase customer satisfaction towards the digital insurance.
- Claim processing should be done faster and quicker in digitalized insurance.
- The insurance industry must make the customer reliable about the services provided by them.
- The procedure for online transaction must be simple.
- The trustworthiness of the organization must be maintained by keeping with proper and reliable services for the customers.

Conclusion

The impact of digitalization in motor insurance become an important phenomenon. It brings with it the digitalization of motor insurance processes has become more streamlined efficient and convenient for both insurance and policy holder from online policy purchase and renewal to digital claims processing and customer service. Digitalization has made insurance more accessible and user friendly. Overall digitalization has transformed the way you motor insurance operates making it's more efficient. It brings new opportunities for business development. In present scenario drastically changing every sector has adoption of technological advancements such as Machine Learning and Artificial Intelligence, it has streamlined routine tasks such as insurance policies, claims processing and customer support. This led to increases the operational efficiency and reduced costs. as it results in cost reduction, enhanced customer satisfaction and improving efficiency. By implementing online self-service platforms, insurance companies have empowered customers to manage their policies, file claims, and access information conveniently. Overall, digitization has brought a positive revolution in the insurance industry. As technology continues to advance, it is expected that digitization will play an significant role in shaping the future of the insurance industry.

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