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## **THEORETICAL REINFORCEMENTS OF THE DETERMINANTS OF E-INSURANCE PERFORMANCE IN THE INSURANCE INDUSTRY**

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### **Abstract**

The insurance industry landscape in India has dramatically changed. New delivery channels like bank assurance, corporate agents, brokers, MFIs, Post offices, SHGs and direct selling through Internet have totally revolutionized the process of insurance selling. Competition in the country among the insurance companies is strong as there have been new entrants into the market. Thus policyholder's satisfaction is a crucial issue for the insurance company management to retain and attract its potential policyholders. The paper reviewed Electronic insurance literature by identifying the issues in the sector and further justifying the need for Electronic services. Therefore, it reviewed.

**Keywords: Electronic Services; Policyholder's Behavior; Satisfaction; Perception; Problems**

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## **INTRODUCTION**

Information Technology (IT) now encompasses the whole world. It has directly or indirectly affected each and every aspect of our life. The insurance sector is no exception [1,2]. Computerization has provided a great help in speed of work, uniformity, accuracy, quality, efficiency, etc. Earlier, it took months to transfer a policy from one branch to another. Now you can pay your policy premium anywhere in India. Detailed information about various policies, their rules and regulations, benefits is available at our fingertips. Earlier, even the agents took a long time in getting information of the policies. Now, information about newly declared policies by various insurance companies is easily available not only for agents, but also prospective policyholders at a speedy rate. Policyholders get their doubts cleared instantly because of e-mail, voicemail, websites, toll-free numbers, mobile Application etc. [3-5].

Life insurance business in India was in the hands of private enterprise. However, the government participation in life insurance business was represented through postal insurance. LIC became so popular in India that common man perception of life insurance became synonymous with LIC. The internet plays very important role for promoting sales of the insurance products and it also provides detailed information regarding the company's policy, products and future plans. Internet has proved to be one of the low-cost channels compared to other channels. The policyholder's he himself purchases products through online and also get a receipt of his payment through an e-mail [6,7]. Compare to the older generation the younger generation are flexible to use the online services provided by LIC. Factors which influence the Electronic Insurance services of various insurance companies have been identified through a review of literature.

## **RESEARCH GAPS**

The literature review on the E-Insurance industry identified the insurance managers may use the quality of insurance services offered. They must improve the intangible rather than the tangible elements of service and direct their support mechanisms towards developing customers willing to engage in positive word-of-mouth communication. The paper extends our understanding of the insured's usage attitude towards and satisfaction, behaviour, and problems faced by the policyholder's while using E-Insurance services provided by the insurance industry reinforcing the customer relationship management and contribute to fulfilling the need for marketing evidence in life insurance.

## LITERATURE REVIEW

### Customer Behaviour toward E-Insurance Services

Phillips et al. said that technology facilitates easier customer interaction with improved service – (Journal of Marketing). Taylor and Brown states that humans select, interpret or information based on their existing attitudes [8]. The interpretation of information is based on how well it fits into their lifestyle – (Psychology Bulletin). Falch et al. aid that face-to-face service will be replaced by new technology when it is suitable and consumers will adopt its use because of higher service quality, accuracy, and convenience – (International liberalization of Telecommunication). Murray and Schlater expressed that online service models are faceless and customers prefer direct face-to-face interaction where their problems and queries would be handled – (Journal of Academy of Marketing Science). Reichheld et al. studied in India, and customers are not accustomed with its technical features and transactional intricacies. Traditional interpersonal channels like insurance agents and online insurance websites create uncertainty in customers' minds – (Harvard Business Review). Delone and Mclean deals with the implications of any innovations can be measured by the volume of use and how far it fits into the customers' requirement – (International Journal of Bank Marketing) [9,10]. Rayport and Sviokla proposed that internet as a service delivery channel has changed the traditional marketplace interaction by providing greater accessibility to customers. The virtual marketplaces have changed the nature of customer-company interaction and their relationship – (Harvard Business Review).

### Determinants of Digitally Instigated Insurance Relationships

Cunningham argued that high technology in service production and delivery may bring disadvantages, especially for insurance firms that need to retain personnel for increasing workloads – (Best's Review). Fram and Grady studied that technical software issues may create technical glitches and affect customer satisfaction. The broken links on the websites demotivate the customer from visiting the website – (Direct Marketing). Stewart et al. says that information technology has lowered the capital costs of insurance through the unbundling of insurance products and through the risk management movement – (Stewart Economics Inc.) [11]. Stewart et al. examined that the technological advances place in the hands of insurance companies and agents bring new savings and better services to the consumers. Digitalization has made it possible to process and communication information faster, cheaper and reliable than even before – (Stewart Economics Inc.). Davis proposed that TAM (Technology Acceptance Model), derived from TRA (Theory of Reasoned Action); it offers a powerful explanation for user acceptance of and usage behaviour toward new technology in insurance – (Management Information System Quarterly) [12-14]. Sriroanat and Thirkell contended that various websites attributes affect customer satisfaction and motivate them to use online services – (Journal of Market Focused Management). Meuter et al. posits that technological innovations and advancements would continue to be a critical component of customer – firm interface – (The Journal of Marketing).

### **Customer's Perception about E-Insurance Services**

Cox and Dale focused on customers place high priority to security attributes, and 'technical safety of the network against fraud or hackers is a high concern – (Managing Service Quality). Ranganathan and Ganapathy suggest that convenience and time-saving features are important factors influencing consumer online shopping behaviour – (Information and Management). Lin and Wu postulate that customer satisfaction and adoption of technology is related to attributes such as information content, customization and reliability. The customers' responses have a significant effect on their perceived ease of use and usefulness of the websites – (35<sup>th</sup> Hawaii International Conference on System Science). Barnes and Vidgen said that easy web accessibility is one of the factors affecting customers' interaction and perception toward online service websites – (Journal of Electronic Commerce Research). Geddie et al. argued that understanding customers' behaviour toward service features and technological innovations becomes pertinent – (International Journal of Hospitality Management). Sorce et al. examined that older customers have to be enticed to use internet. They do not know what to expect from the online websites, thus for them the alternatives are few and may find the physical presence of the insurance agents more assuring that the 'virtual entity' to insurance firm – (International Journal of Retail and Distribution Management). Buchner expressed that many customer prefer to speak to an insurance agent for purchasing a policy and are not comfortable shopping for insurance online – (Marketing Life Insurance Online).

### **Customer's Attitude towards E-Insurance Services**

Arpita Khar advocated that a large population still remains skeptical about its relative advantage over the traditional delivery channels. Limited internet accessibility coupled with low technology literacy makes customers suspicious about online insurance services – (Journal of Database Management and Customer Strategy Management). Pedram Fakhri et al. used that the production and distribution of insurance can be provided to an insured through an insurance policy that is online request – (Arabian Journal of Business and Management Review). Chen-Ying Lee et al. described that consumers' perceived usefulness and perceived ease of use positively affected usage attitude and customer satisfaction of mobile application services of life insurance industry – (Journal of Enterprise Information management). Yang and Wang dealt with the ubiquity of internet has made it possible for customers to access insurance services online for gathering information about products, financial consultancy and indemnity planning - (Online Information Review). Loonam made an assessment of customers' attitude can be of immense help in planning self-service technologies (SSTs) and improving services – (Marketing Intelligence and Planning). Fredrick et al. analyzed the ICT(Information and Communication Technology) integration in E-insurance is perceived to enhance transparency, high productivity, and brand and image promotion and also increase in sales volume – (International Journal of Business and Social Sciences). Venkatesh and Agarwal applied that familiarity with online websites affects customer's behaviour toward it – (Management Science). Gruhn et al. revealed that the

advances in mobile wireless networks and the significant reduction in the price of mobile devices has created opportunities for financial service providers to offer their services on mobile devices – (Journal of Enterprise Information Management). Yu and Wu proposed the application of internet in commercial and marketing activities reduces operating costs and allows the producer to contact customers directly – (International Journal of Management). Tsoukatos contended that service providers encounter tremendous pressure in designing service attributes that address needs of the customers – (Euro med Journal of Business).

### **Problems Faced by the Customers While Using E-Insurance**

Based on the review of literature, this research investigation is born out of the concern for customers of online E-Insurance and their sufferings of the policy holders.

Providers of the insurance services are at an increased rate using internet as a channel. E- Banking as managed successful relationship for many years. But Insurance is generally considered to be less appealing than e-banking. Compare to banking, insurance involves a range of offerings where the customers are purchasing a sense of security hoping that they don't have to use the product in full. Insurance is described "mostly as necessary evil". Customers are more seldom to use an insurance company's website than a banking website. Online customers are not comfortable in using internet and perceiving the usefulness [15]. Customers understanding of online technology and product may affect the usage of internet. However, insurers are still hesitant to approve policies in online and are adding those services slowly to other sites. Purchasing policies online will be slower for same type of insurance than other sectors. Insurance firm does not tell about the security systems to protect customer privacy and data. Products sold through agents will increase the cost of premium. For example, 35 to 100% commission for life insurance policies in the first year, but much less on renewal. In India, internet penetration is increasing but it is hindered by connectivity problem. Limited internet accessibility coupled with low technology literacy makes customers suspicious about online insurance services. Insurance companies do not create awareness and training to customer about the online insurance services. Insurance faces strategic challenges in utilizing the web. Insurance websites create fear in the minds of customers because the web pages are not getting uploaded easily, sometimes hyperlinks do not work. Above all customer perceived benefits, ease of use, capability, their attitude, technology and services attributes and constraints involved in online E-Insurance provided by the LIC are not up to customers expectation. Still their behaviour towards online life insurance is not satisfactory.

### **RESEARCH IMPLICATIONS**

Life insurance industry is achieved through an internal system of entrepreneurship, which is used to attract talented employees who are highly ambitious and are motivated by creating business; the company adopted a non-enforceable implementation approach. Following mobilization, management stated that mobilization does in fact

increase operating efficiency rewards. However, it was discovered that even though the initial objectives were designated to be improving enterprise and personnel image, productivity and service quality, the mobilization system employed was not really key to increasing customer satisfaction levels [16]. This has resulted in business no longer being restricted to the traditional domain of insurance.

## **CONCLUSIONS**

The focus of this article has been to empirically clarify the determinants of customer's satisfaction, attitude, perception, problems faced by the customers' while using E-insurance website services in communicating with their insurance company [17]. We argue that in order to understand insurance customers' perception and intentions to use the internet for communication it is necessary to understand how the customer perceives insurance industries as this will affect whether the customer will form positive or negative attitudes towards using the E-Insurance website service of insurance industry.

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