

# A Study on the Innovation in the Insurance Industry and Indian Insurance Technology

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**Abstract:** *Insurance companies are one-of-a-kind because the majority of their interactions with customers take place through agents. Basically, a lump of innovation venture goes into further developing specialist experience. Systems have been developed by insurers to help agents recommend products based on a customer's past with the company and their income level. Agents can be hired through Bajaj Allianz Life Insurance's mobile app. This aides in preparing, tests and permitting. In the past year, it has hired 15,700 consultants digitally, reducing processing time by half. In order to make it simpler for customers to conduct business with them, insurers have developed mobile phone apps. They are also making steady progress toward paperless claims. These are, nonetheless, just the most important phases in advanced change. It is difficult and expensive to change core systems. As a result, the majority of transformation initiatives concentrate on enhancing customer engagement systems. With the steady headways and better utilization of computerized devices over the most recent couple of years; The majority of these difficulties appear to be effectively addressed. While innovations like Mechanical Interaction Computerization (RPA), Man-made consciousness (simulated intelligence), Block chain, and High level Investigation are functioning as advertisers to upgrade the significance of protection, the back up plans are striving to make a more smoothed out and coordinated protection framework.*

**Keywords:** Insurtech, Blockchain, Artificial Intelligence (AI), Digitization, Human Intellectual.

## I. INTRODUCTION

Customers are also changing as the insurance industry does. Thanks to technology, insurance companies are constantly receiving new ideas from all directions. What's more, this is influencing our buyer conduct. Our nation's insurance industry is in a completely different state than that of other nations. A significant portion of the population still does not believe in insurance, despite the ongoing liberalization of the insurance industry. This is primarily due to the fact that the sector's numerous challenges, such as a fragmented ecosystem, regulatory uncertainty, and disjointed data, continue to be unique. Today's tech-savvy customers expect their insurer to provide them with digital tools and an experience comparable to that of e-commerce or any other retail industry. When it comes to the insurance industry, customers these days expect websites or applications that are digitally focused and offer complete customer support. In order to make it simpler for their clients and their families to navigate the healthcare ecosystem, numerous insurers have already begun implementing digital tools. Digital onboarding, the ease of selecting plans based on cost and preferences, and personalized content for better comprehension of the claims are among the tools' powerful features.

## II. ANALYSIS

In the coming months, leverage analysis is anticipated to play a significant role in driving the insurance industry. Insurers all over the country will be able to effectively enable predictive analysis thanks to the technology. Back up plans can use examination to make expectations about an individual's likelihood of getting a disease and subsequently, opportune propose him to play it safe. Intelligent health analytics can be applied to a patient's medical history in order to predict the patient's future health care plan. In terms of identifying the most effective treatments and drugs that result in cost-effective treatments, the technology can even demonstrate positive results for choosing the best course of action. ChatBots and Voice Assistants for Improved and Meaningful Customer Engagement are Yet Another Impressive Trend that the Insurance Industry Is Witnessing The introduction of ChatBots and Voice Assistants for Improved and

Meaningful Customer Engagement is Yet Another Impressive Trend. Both of these technologies are quickly gaining traction with consumers and insurers alike.

The technology specifically makes use of Artificial Intelligence (AI) to effectively engage customers while simulating productive conversations with its users. The growing number of older people who require ongoing care is one of the primary reasons for the introduction of ChatBots and Voice Assistants in the insurance industry.

#### **Challenges from New Age Firms** Agile and technologically savvy,

new age insurance companies are challenging established players in the economy. In order to expedite the processing of claims, Digit Insurance, a two-year-old insurer that focuses on producing products of lower value, is utilizing backend systems based on block chain. It has proactively cut down time taken to support a cell phone harm guarantee from around 25 days to a couple of hours.—Servicing more modest ticket sizes implies it must be a practical and innovation driven solution. Many of these elements, as naturally starting and handling trip defer claims inside a couple of hours, could never have been conceivable till a couple of years prior on the grounds that the innovation was just not accessible. Bancassurance Since privatization in the early 2000s, the insurance industry has undergone rapid change.

The emergence of Bancassurance, de-tariffing regulatory activism, the explosion of health insurance, and the emergence of large government insurance schemes are just a few of the industry's dramatic shifts over the past 17 years. Insurers must reevaluate their current procedures, tools, and resources in order to implement strategies that meet the promise of experience and operational excellence. Frequently, it appears that emerging technologies and data hold the answer.

#### **Innovation hubs and insurance regulation**

Despite the fact that innovations are generally beneficial, there are a number of potential policy and regulatory ramifications that may cause some uncertainty and certain limitations in business developments. The potential for new market entrants to enter the market as a result of the application of innovations and brand-new technologies may increase consumer utility in terms of competition policy. The reasoning for contest regulation or strategy is to work on the purchasers' government assistance and the effectiveness underway and supply, which would prompt lower costs and more extensive decision. Competition in the insurance market may see a number of positive changes as a result of the possibility of new entrants in the form of start-ups and increased choice as a result of innovation and technology. There are potentially prohibitive capital and/or fit and proper requirements that must be met by start-ups wishing to become insurers or insurance agents/brokers in order to obtain authorization to operate. It's possible that this is why very few InsurTech startups have insurance underwriting licenses, and the majority have broker licenses. insured Obtaining insurance quotes can be as simple as clicking a button, managing coverage can typically be done through a mobile app, and paper insurance cards are almost completely obsolete. In 2021, insurance technology is expected to mature even further. Even though some carriers are already using some of these tools, the industry as a whole is starting to adopt them more and more. One or more of these eight emerging insurance tech trends could give insurers a competitive advantage.

#### **Protection Patterns in 2021**

The key difficulties looked by protection pioneers as that have been affecting the business. These are: Human Intellectual Capital, Artificial Intelligence (AI), Block Chain, Digitization, Personalization, Data, and Hiring and Retaining Technically Skilled Talent are just a few of the topics covered. Insurance, like every other industry, is becoming increasingly technologically advanced—and, some might argue, disrupted—by the day, albeit at a far too snail's pace. While insurance is a multi-trillion dollar, high-growth industry, insurers are having trouble attracting and keeping top talent. There are a number of reasons for this, one of which may or may not surprise you. According to CB Insights, insurtech funding has increased by 60% in the United States, going from US\$1.46 billion to \$2.44 billion, while it has more than tripled in Asia, going from \$140 million to \$506 million.

### **Human Intellectual Capital**

It is one thing to be aware of the innovations that will shape your industry's future, but it is quite another to put those innovations into action. You also have little hope if you do not have staff members who are skilled and talented. Because of this obstacle, many insurers must prioritize human intellectual capital if they want to avoid being left behind.

**Personalization and data insurance** companies are beginning to put the customer first in everything they do. by activating and collecting the appropriate data from Internet of Things (IoT) devices like toothbrushes, activity trackers, and connected cars! – they are able to better comprehend the requirements of customers and supply individualized guidance, coverage, and pricing. Insurers are now treating customers as individuals rather than as segments, as evidenced by this shift.

Dental insurance is provided by **BEAM** Beam via Internet of Things (IoT) technology. A "smart" toothbrush is given to customers, which keeps track of how well they brush their teeth and provides customized insurance plans based on this information. The company claims that by doing so, they are able to offer rates that are up to 25% less expensive than those offered by rivals. This is a deal that customers are savoring.

**Digitization Insurance firms** are implementing digital strategies. For reserve funds and productivity, however for expanded consumer loyalty with an incredible 61% of clients affirming they like to check their applications on the web. Naturally, it is not simple to switch from paper trails to online only. Nine out of ten insurance companies, according to McKinsey, blame legacy software and the sheer size of their IT systems for their inability to develop the necessary technology infrastructure.

**Artificial Intelligence (AI)** - Where should we begin? AI and machine learning have the potential to improve almost every process in insurance companies and affect every aspect of their operations. This transversal technology is expected to revolutionize specialized functions like pricing, underwriting, and fighting money laundering and fraud. In the meantime, AI's data collection opportunities will assist businesses in automating (robo-advisors are coming) and improving personalization. Obviously, AI is still in its infancy and requires human intervention to function properly. However, when autonomous AI versions become available, businesses that do not adopt AI now may be left behind.

**Shift Technology** Shift Technology provides software for detecting anti-claims fraud based on AI. The organization fostered their mechanization arrangements explicitly for the protection business and the extraordinary difficulties back up plans face.

**Block Chain** The block chain makes it possible to create an immutable digital ledger. Insurers can use this technology to cut down on the administrative costs associated with reviewing claims and examining payments made by third parties. Block chain ensures that all of this information is shared, protected from fraud, and simple to verify. PWC says that block chain could be especially good for reinsurers because it could cut down on the number of steps needed and save \$5-10 billion worldwide. Using smart block chain contracts, healthcare reinsurers, for instance, could cut costs and save time by quickly verifying insurance history and consumer data without the usual back and forth.

**Insurance Tech** Understanding exactly what insurance technology is is essential to comprehending its potential impact. Basically, insurtech is the innovation that lies behind the matter of protection. This technology includes "big data," which is the mining, analysis, and utilization of enormous amounts of data that were not previously classified; "machine learning," which is an application of artificial intelligence (AI) that allows systems to automatically learn from experience and improve without being explicitly programmed; the Internet of Things, which basically involves the transmission of data between everyday objects (such as the thermostat in your home telling your watch the current temperature).

### III. ACTIONS REQUIRED BY INSURANCE COMPANIES

To begin this journey, insurance companies must take the following steps:

Utilize IT architecture and strategy to become more adaptable.

Keep an eye out for emerging innovations in the technology, data, and analytics fields. Learn about the company and conduct a SWOT (strengths, weaknesses, opportunities, and threats) analysis.

Join the innovation ecosystem by participating in FinTech hubs, technology platforms, and workshops.

Cooperate with new companies and disruptors and construct pilot arrangements. Launch changes quickly in the market based on the preceding actions.

Utilize feedback from customers to iterate. In the end, the organization's culture and mindset will need to undergo the most transformation.

### IV. CONCLUSION

Insurers are already making use of these technologies in a variety of ways. Various new businesses center around utilizing progressed information logical devices to all the more precisely decide chances, distinguish extortion, and recognize inclusion development open doors in unambiguous miniature sections of different ventures. Insurance distribution in rural areas is expanding, Indian businesses are expanding overseas, and insurance products are increasingly being sold online. Be that as it may, cheats, high slip by proportion, and negative changes in macroeconomic variables, like exchange breakdown, joblessness, and vulnerabilities in the administrative scene could be described as key difficulties to the business development. Increased demand for retirement products like pensions and annuities, as well as a lack of government-sponsored social security mechanisms, rising awareness of retirement planning, and growing urbanization, will all contribute to the expansion. The area will likewise observe development because of variables, for example, the more youthful ones in the segment graph selecting unadulterated security plans, push to increment protection entrance in country regions, item advancements, ascent of various channels, and proceeded with tax cuts. It stated that "CARE further expects regulatory changes and government initiatives to aid in the further penetration of insurance products in the medium term." However, it also pointed out that obstacles like the low persistency ratio and the low income of individual agents will continue to exist in the market. "These obstacles would need to be addressed to improve the depth and spread of the industry," it said. The country's disaster protection area represents around 75% of the general insurance installment. The total premium increased from 1.56 crore rupees in FY2006-07 to 4.58 crore rupees in FY2017-18 at a CAGR of 10.3%. Conversely, the worldwide disaster protection industry developed at a CAGR of 0.8 percent during the schedule years 2007 to 2017 and came to almost \$2.7 trillion in market size.

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