



COMPARATIVE STUDY OF DIGITAL INSURANCE VERSUS TRADITIONAL INSURANCE

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Abstract:

Digital technology is a new force that is driving massive changes in the insurance sector. For insurers, the changing landscape of insurance has led to a flurry of technological advancements in the industry. New digital technologies are changing the way customers interact with insurers. But, what is the future of digitization in insurance? And, how will it benefit the policyholder? Traditional Insurance is old methods and insurance price and timing so maximum time to policy complete or received so easy and fast methods of Digital Insurance. Customer's option of many company in websites chief rates extra cover or Facilities available in Digital Insurance company.

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Introduction:

With several terms and conditions, customers find it difficult to understand processes as simple as buying, renewing or raising a claim. Communication is the key here. With digitization, insurance companies can use tools such as websites, apps, email, social media, live chat, text and other digital channels to reach out to customers.

The way insurance companies operate through digital channels and depend heavily on technology to service an Insurance Policy is known as Digital Insurance. In effect, the insurance company utilizes the digital insurance platform to achieve its business model. Compared to the traditional insurance, digital insurance differs in the following ways:

- Offer of customer-first business approach.
- Offer a variety of channels through which customers can research, compare and buy insurance online without the help of middlemen or agents Ex buy a policy price offer and other source

- Offer simplified coverage options.
- Claims, risk assessment and pricing are handled solely on modern and software platforms connected to new insurance-specific technologies.

Traditional Insurance Plans:

Traditional insurance plans provide multiple benefits like risk cover, fixed income return, safety and tax benefit. Traditional Insurance plans are the oldest plans and cater to individuals with a low risk appetite. Ex Traditional Insurance make a purchase a policy offline to contact the agent or through Insurance Company.

Digital Trends in Insurance Industry:

The use of the internet and mobile phones has witnessed tremendous growth in both India and across the world. And, the insurance industry is not far behind when it comes to harnessing digital technology to scale their business model and strive to offer a hassle-free experience. Digitization in the insurance industry is beginning to gather pace and is expected to be one of the mainstays of insurance companies in India. Below are some of the digital trends in the insurance industry:

Buying Insurance Online Hassle-Free:

Buying insurance online has made the entire process easier for customers. Nearly every insurer is offering free online insurance quotes through which customers can choose and buy different types of digital insurance online. It eliminates the need to meet an insurance agent in person. It even eliminates the need to talk or enquire about an insurance product through the phone.

Artificial Intelligence (AI) and Automation for Faster Claims:

While shopping for insurance policies, customers are looking for a personalised experience. Insurers are able to harness the results of AI to customise unique experiences for customers. Besides, the high-speed demand of modern customers is taken care of with the help of AI. Through this approach, insurers are able to improve the turn-around-time of claims and change the underwriting process. AI also enables insurers to access more accurate reports in a shorter span of time.

New Customised Products for Personalisation:

Instead of a one-size-fits-all approach, insurers offer personalised or customised insurance products through the digital insurance process. Digitization of the insurance market will make on-demand, usage-based or telematics and all-in-one lifestyle products more viable to customers. From micro insurance, flexible coverage options and peer-to-peer products, insurance will become more relevant options in the long-term.

Social Media:

The role of social media in the insurance industry is breaking new grounds beyond traditional marketing strategies and intelligent advertisements. The process of communicating with customers is changing and social media is one of the reasons. This is also a platform for customers to research about the insurance companies, read reviews and even review a product.

Chatbots:

Chatbots are digitally generated answers to frequently asked questions, making it easier for policyholders to

get information faster than before. The internet has to a large extent reduced or bridged the gap when it comes to turn-around time for several transactions. And, AI chatbots are a good example of cutting down the time frame. Insurers are taking advantage of chatbots to increase their resources with the help of digital technology. It also offers the scope to get customers to navigate various insurance products and services.

Internet of Things (IoT):

IoT is the interconnected global web of digitally enabled devices which is propelling insurance companies to take up important initiatives. Through IoT, insurers have access to a huge amount of data and real-time data of policyholder's lives. They use this research to create new innovations and opportunities in the insurance industry. While this may take time getting used to, insurance policyholders have opportunities to save some money which was not possible through the traditional method.

Digital Insurance Companies in India:

Digital insurance companies, otherwise known as InsurTech companies, are transforming the digital insurance landscape by offering ground-breaking insurance products through innovations. They offer digital bike insurance and digital car insurance through their website or mobile app. One of the digital insurer in India is:

Example

- 1) **Acko General Insurance Company:** Acko is the country's first fully-digital insurance provider. The company has eliminated the concept of insurance agents and is offering insurance products directly to customers through the power of the internet. With paperless transactions, Acko has made the whole experience of buying, renewing and registering a claim hassle-free.
- 2) Policy Bazar also make totally provide the all companies plate form

Advantages of Digital Insurance:

Insurance companies understand the importance of cutting edge technology since customers want to know and trust they are associated with an insurance company that is utilising the latest technology and tools to give them the best possible experience. Embracing digital insurance solutions are the best way forward, and insurers, as well as policyholders, will quickly witness various advantages, such as:

1) Reduces Cost :-

Technology has bridged the gap between the insurance company and the policyholder to a considerable extent. This is possible due to the standardisation and instant and comparable information. The traditional method of marketing by spending high on operating expenses especially in advertising and infrastructure has reduced considerably with the advent of digital marketing. With cost advantage, insurers are able to pass on the benefit to customers. In the absence of an agent or a broker, there is a direct contact between the insurer and the customer.

2) Provides Safety :-

Unlike paper insurance policies, the risk of loss or damage to a policy is eliminated. The electronic form of the insurance policy is safe and can be accessed from anywhere and anytime by the policyholder. Also, digital insurance offers a safety net against mis-selling and fraud by brokers or distributors.

2) Convenience of Transacting :-

Modern customers require quick and instant resolution to their needs. Online transactions offer the ease of engaging in various insurance-related processes. Besides, online transactions can be done from home and at any time, offering convenience to customers. Also, by digitising the process related to buying, renewing and claims, the entire procedure

is simplified, thereby enriching the customer's overall experience.

4) Maintain Compliance and Regulatory :-

Any mis-selling by insurance agents or brokers is eliminated since customers have to go through the entire process of purchasing the insurance himself or herself directly with the insurance company. Customers have the option to compare several insurance companies and their products before selecting the right insurance coverage.

5) Brand Awareness :- Digital marketing strives to educate customers about the insurance company's products through their website which offers informative and quality content. Insurers can use their social media handles, apps, texts and email marketing to increase the brand awareness among potential customers.

6) Post-Sales Service :-

While the initial response during the purchase stage of an insurance policy might give customers the right experience, there is a general impression that customers are forgotten after a policy is sold. However, with digital insurance, post-sales service such as the process of raising a claim is hassle-free offering a paperless translation. Also, insurance companies are using their social media handles to receive feedback and complaints to resolve issues. This way they are able to provide a better post-sales service much faster compared to the traditional insurance companies.

Digital Insurance Vs. Traditional Insurance Comparison:

Customers increasingly prefer insurance companies that offer a seamless experience that helps them complete transactions almost instantly. Technology has enabled insurers to scale up their services by improving their operations, streamlining procedures and reducing cost. The below table offers an insight into the

differences between digital insurance and traditional insurance:

Factors	Traditional Insurance	Digital Insurance
Price	High operating cost due to several branches and offline all process.	Low operating cost due to online mechanisms which are cost-effective and faster.
Buying Procedure	Multi-step procedure and complicated. Require paperwork to initiate the process. Time waste process and Monday to Saturday working day available in the office	Paperless mode of transactions through online. Simple and easy to buy insurance online. All day any time available service 24*7 days
Communication	Complicated terms and conditions or jargon to understand.	Easy to read and accessible through several mediums such as social media, apps, websites, emails, texts, etc.
Claims	Requires several paperwork to establish the extent of liabilities.	Customer-friendly and hassle-free claims. Raise claims online through the website, apps or by phone. Toll free no through or E-mail trough or app through process
Paperwork	Required for all forms of transactions such as buying, renewing, raising claims or queries.	A fully digital process that requires almost nil paperwork.

Conclusion :

Most importantly in today's era where time is considered important both time and money are saved by digital insurance so taking out pollen insurance is time money and more hassle so digital insurance is a need of care. The comparative analysis between digital insurance and traditional insurance underscores a transformative shift within the insurance landscape. The findings of this research elucidate the myriad advantages that digital insurance offers in terms of accessibility, efficiency, and customer-centricity. The seamless integration of technology has not only streamlined processes but has also widened the scope

for personalized services, enhancing customer experience and engagement.

However, while digital insurance presents promising prospects, it's essential to acknowledge the enduring relevance and strengths of traditional insurance. The human touch, established trust, and adaptability to complex scenarios remain pivotal aspects of traditional insurance that shouldn't be overlooked.

The evolution of insurance, spurred by technological advancements, presents a compelling amalgamation of the traditional and the contemporary. The future of insurance lies in a harmonious coexistence, leveraging

the strengths of both digital and traditional frameworks to cater to diverse consumer needs and preferences.

This study serves as a catalyst for further exploration and deliberation within the insurance domain, encouraging ongoing research and innovation to foster an inclusive and dynamic insurance ecosystem. As we navigate this evolving landscape, a holistic approach that integrates technological prowess with human sensibilities will undoubtedly redefine the future of

insurance, catering to the ever-evolving needs of consumers worldwide.

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