

OPPORTUNITIES AND CHALLENGES IN INSURANCE INDUSTRY

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ABSTRACT:

An attempt is made in this paper to analyse the opportunities and challengers in insurance industry. Insurance sector plays an important role in the financial sector of a country. The marketing strategy should be laid out in such a manner that it includes the requirement from the launching policy till the final stage when it reaches in the hand of customer; means the service provided to the policy holders or the end users. It should be planned accordingly, suiting the Indian society, because it is a diversified one from high income group of the low one. The new entrants in the insurance business sector should take pains and understand peoples demand and needs and transform their policies as per their choices. They should be designed to provide the facilities to customers as to give the customers full reliance and satisfaction.

INTRODUCTION:

The insurance industry in our country is on the threshold of a new era of rapid expansion. A more competitive environment is emerging with new participants entering the insurance industry. We need specialists who can work in insurance industry. Risk management has wide applications. It is relevant not only to insurance industry but also to many other organizations in the fields of business and finance. To understand risk, measure it and weigh its consequences are an integral part of management financial institutions in the management of the funds placed with them have to reckon with market risk, credit risk, counter party risk and liquidity risk. To mitigate the impact of various risks is the essence of risk management.

OBJECTIVES:

Indian life insurance industry has undergone a sea change. It has experienced new challenges of intense competition and struggle for survival since the introduction of insurance reforms since 1999. The reforms in the insurance sector are continuous and they should be made more transparent, viable and sound in the changing economic environment. The future of the liberalized insurance industry is a big challenge to many stakeholders. The variable which reflect the growth and development aspects of the life insurance industry include among others new business, product development, social obligations, profitability, distribution channels and customer servicing.

- To the patterns of growth and development of life insurance industry in India during a ten-year period (2001-2010) of insurance liberalisation and also opening up of the insurance to the private sector.
- To identify, select and analyse the variable determining the growth and development of life insurance industry in India during the study period.
- To the performance of public and private sector life insurance units in a comparative manner on the basis of the selected variables.
- To find out the strengths and weakness of the life insurance players with regard to their performance in the post-liberalised scenario
- To suggest suitable measures, wherever necessary to the policy makers concerned for improving their performance, productivity and profitability.

OPPORTUNITIES:

Low penetration and density shows that there is tremendous scope for expansion in insurance industry. Following are the opportunities an insurance company is likely to have in most of the conditions:

1. Social network
2. Awareness programs
3. Innovation
4. Use of e-commerce
5. Flexibilities in resources
6. Children saving plans
7. Deteriorating health, education and rail/road infrastructure
8. Acts of terrorism

Insurance companies with innovative team work and professional human capital can be very successful if other factors like economic and political pressures do not affect the big picture. For insurers and investors in emerging markets, the future middle class is a huge business opportunity based on potential customers and innovative solutions. As margins in the emerging markets are low, so operational efficiency is important. Operational excellence is a key for insurers and investors to come at par with developed markets.

INSURANCE:

An insurance contract provides risk coverage to the Insured. A purchaser of insurance pays a fixed premium in exchange for a promise of compensation in the event of some specified loss. Insurance is bought because it gives peace of mind to the holders. The comfort level is important in personal and business life. In the developing economies, because of the savings component and the long nature of the contract, life insurance has become an important instrument of mobilizing long-term funds. The savings component puts the life insurance in direct competition with other financial institutions and savings instruments.

Life insurance, which may be a term insurance, money back policy or an endowment policy

General insurance which may be covering motor vehicles, home, medical, commercial, personal accident, travel, etc ..

OPPORTUNITIES FOR INSURANCE INDUSTRY IN EMERGING MARKETS:

It is Very vital for insurance industry to avail as much as opportunities as available opportunities are very rare for insurance industry as in most cases. Insurance industry has to face the competitive conditions then it depends on the effective policies of company to handle these conditions in wise manner. Following are the opportunities insurance company likely to have in most of conditions.

- Social approach
It is opportunity for emerging market insurer to utilize social networking which had been dominated in the whole world. Social approach can be many ways like advertisement customer awareness and other things.
- Awareness programs
Insurance industry can establish awareness programs for illiterate people. This can get more people know what actually insurance.
- Innovation with accordance with customer's taste
Customers taste is mandatory today to be succeed in market and very importantly in emerging markets.
- Use of E-commerce
Commerce has been modify today. Insurance industry can use e-commerce to get through customer electronically.
- Flexibilities in resources
Insurance companies uses flexible resources becomes more efficient then the companies with rigid resources.
- Manage team of innovators and expansionists
A team of innovators and expansionists can make time to time innovations with the expansion of market.
- Children saving plans
Children also part our economy insurance industry should introduce plans for minors.

CONCLUSION:

Insurance sector plays an important role in the financial sector of a country. The marketing strategy should be laid out in such a manner that it includes the requirement from the launching policy till the final stage when it reaches in the hand of customer, means the service provided to the policy holders or the end users. The Indian society, because group of the low one. The new entrants in the insurance business sector should take pains and understand peoples demand and needs and transform their policies as per their choices. They should be designed to provide the facilities to customers as to give the customers full reliance and satisfaction. In meeting the challenges and marking the best of the opportunities lies the future of the India insurance companies.

CURRENT TRENDS:

The coming year will assume a significant position in the history of Indian insurance industry. It denotes completion of a decade of open market, ending of oligopoly and entry of private sector insurance companies; and the regime of a new development oriented.

The market continues to attract new capital; barring a handful of mega-risks, there is more than adequate capacity to cover all the risks within the market, post de-tariffing, competition for the existing pie intensified and premium-rates in all classes took dip. However, insurers are chasing premium and booking losses and working up unviable combined ratios. It is felt that the bottom has been reached and an upswing in the rates is inevitable.

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