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Online purchase of insurance policies yet to take off

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Buying travel tickets, shares or doing financial transactions online may have become commonplace. But vending insurance online is not going to happen in a hurry.

Life and general insurers offer policies online and there are insurance broking firms that have portals such as Insurance mall, Click2Insure and Easy Insurance. Finally, there are third party aggregators such as PolicyBazaar.com, Apnainurance.com that collect details of customers and pass it on to insurers for a fee. But insurance industry observers say that online sales of policy is a niche segment and would be less than 2 per cent of total premiums earned, though there is no accurate data.

Currently, policies bought online are overseas travel insurance, car insurance and to a small extent two-wheeler insurance. These policies are simple, easy to understand, short-term, and do not require medical verification from insurers. It is here that general insurers score over their peers in the life insurance segment.

General insurers offer a far wider range of insurance such as car, travel, health, home and personal accident. Life insurers offer basic simple term, health and pension policies.

Be it overseas travel or car insurance, it shows that people buy insurance only when it is mandatory and therefore it is still a product being "sold and not bought".

The CEO of two-year-old portal Click2Insurance, Mr Rahul Agarwal, said online buying of insurance is yet to happen. Though sales is still small, about 2000 people visit the portal a day, which is about 50 per cent more than two years ago.

Digital Signature

If people have taken up to do banking transactions online it is because of the ease and convenience of the system.

Mr Narayanan, President of EasyInsuranceIndia.com, an year-old insurance portal, said they sold about 4,000 motorbike policies online – 40 per cent of the policies sold online. "We charge about Rs 100 extra but customers are willing to pay as it is hassle free to go online and renew the policy," he said.

For car insurance, a problem crops during renewal. Most insurers would want to physically examine the car before renewing the policy.

Though the payment for buying is made online, "the hitch" is that the form has to be sent to the policyholder for signature as digital signature is not accepted, said Mr Niraj Jain, CEO and Principal Officer, Insurance Mall.

The sum insured is relatively small in car and overseas travel policies than in life or health insurance, so customers find it less risky to buy such policies online.

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