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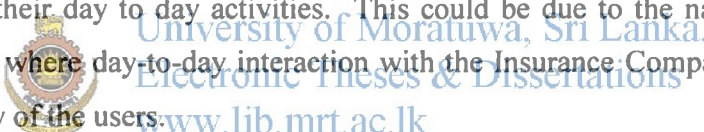
## Chapter 7 – Conclusions and Recommendations

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### 7.1 Conclusions

The findings of my dissertation demonstrate that the Sri Lanka is not that far behind in the eCommerce readiness in the Insurance Industry. This is clear when we see that 8 out of 15 Insurance Companies already implemented some form of eCommerce functionalities in their websites. Around 6 Insurance companies accepts Insurance premium online. Eight Insurance Companies issue one or more policies Online. None of the Insurance companies are listed as "Offliners" in the Analysis part, it shows that there is a clear sign that all Sri Lankan Insurance companies are trying to align with the growth of the technology. But when we compare the Insurance Industry with other Industries such as Banks/ Stock Brokers the effectiveness and practice of the eCommerce functions are not in their day to day activities. This could be due to the nature of the Insurance transaction where day-to-day interaction with the Insurance Company not a requirement for majority of the users.



Most of the Insurance Companies are ready with the infrastructure for eCommerce. Except 02 Insurance companies the rest has a website. Insurance companies which do not have eCommerce functions indicated that they will be ready with required infrastructure when the requirement comes. According to them the gap could be filled immediately as they say the technology is not very expensive to afford. They also think they do not face a problem as scarcity for skilled eCommerce staff. For them giving training on the domain and eCommerce is not very difficult. Some Insurance Companies believe that the customers are not ready to buy Insurance policies online. Also they have indicated that Internet low internet penetration also one reason they see as hinder for eCommerce deployment. When the organizations are considered, most of the Insurance Companies thinks that the resistance to change also another problem they face for eCommerce deployment.

Some Insurance products are more suitable for eCommerce than the other products. Most of the Insurance companies think that standard products such as Motor Third Party, Travel Insurance, Marine Open Cover and some Life Insurance policies which do not require complex underwriting are much suitable for eCommerce. Other Insurance products (Complex Products) to be sold with the interaction of the Insurance underwriters. But this still could be done online as discussed in the proposed eCommerce model.

The Insurance Regulators are not very much aware about the concept of the eCommerce in the Insurance industry. But they are not against the eCommerce adoption in the industry. According to them there is no separate regulation for online Insurance transaction. Standard policies, procedures and clauses should be mentioned in all the insurance policies. Specially the IBSL has some serious concern on the Credit selling of Insurance and Anti Money Laundering ( "AML" ) policies. In this regard, the IBSL has recently circulated all the guidelines and instructions to all the Insurance institutes. This becomes very critical when the Insurance Companies do online transactions. The Insurance Company should make sure that they follow "Know Your Customer" policy for all new certificates and for any payments. For online Insurance Certificates, there is not signature required but the Insurance Companies should make sure that there will be clause it as Online certificate. The regulators are very much interested about this research as well. The IBSL website is being upgraded with many new features as discussed in the Analysis part. This will help the Insurance Companies and other institutions to deal with the IBSL easily.

As discussed in the Analysis section, most of the Insurance Companies were negative in automating the Claims Management. But as recommended in the proposed eCommerce model the online claim management also could be put online if the Insurance Company could outsource some of its claim management activities to a third party service provider.

The eCommerce model recommended in this research is based the findings discovered during the interviews with Insurance Companies. The deployment of eCommerce to the

Insurance Industry brings lots of advantages to Insurance Companies and the consumers as discussed in detail in Chapter 6. Two phase deployment for eCommerce Model suggested after considering the eCommerce readiness of the Sri Lankan Insurance Companies.



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## 7.2 Recommendations

This study is probably the first in the Insurance Sector and should encourage others to conduct similar studies in order to advance our knowledge of the eCommerce adoption to the local Insurance Industry. The limitations of this dissertation and its findings should be noted with a view for extending this study.

As recommended in the Chapter 6, the approach for eCommerce deployment should be conducted phase by phase. Eight Insurance companies have already implemented selected eCommerce functionalities, but the other eight insurance companies have not implemented any of the eCommerce functionalities. As such, deploying a high level eCommerce application is not recommended as they are currently in a low level of eCommerce readiness.

Another recommendation is to consider a development of a ReInsurance eCommerce Model for Insurance Industry. Because the Internet penetration at Insurance Company level is very high. So, company to company could easily make so many advantages by deploying eCommerce to conduct the B2B businesses. A ePortal for ReInsurance will benefit a lot for the Local Insurance industry and also will bring a lot of foreign exchange for the country when reInsurance placements are done through this ePortal.

The final recommendation is to extend the demarcation of this study to areas such as Mobile Commerce (mCommerce). Because the Mobile Commerce growth rate in Sri Lanka was very high in the recent past. The mobile user penetration expected to exceed 40% in the year 2008. Even now lots of people use their mobile devices to do some transactions such as bill payments and other eCommerce functions such as downloading music etc.

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## Appendix

### Appendix A : Major Obstacles faced by Insurance Companies.

Code	Major Obstacles	Very Much	Much	Average	Low	Very Low
A	Low intention to buy online					
B	Low Internet usage and fewer users					
C	Security concerns					
D	Expensive and Complicated technologies of eCommerce					
E	Non-conformity of current products and services					
F	Scarcity of skilled staff					
G	Traditional attitudes and views					
H	Inflexible organizational charts and resistance to change					
I	Internal conflicts and negative reaction from intermediaries such as Agents/Brokers					
J	Lack of appropriate legislation and regulations ( e.g., copy right, digital signature )					
K	Lagging of other supportive sectors ( e.g., Banks, Telecommunications, ISPs etc )					

Appendix B: Major Application for eCommerce deployment

Code	Section	Very Much %	Much %	Average %	Low %	Very Low %
PMT	Premium Payments					
ADV	Marketing & Sales					
ENQ	Policy Issuance					
M&S	Endorsement Issuance					
POL	Claims Management					
QOT	Information & Insurance Advice					
END	Policy and Payment Enquiry					
CLM	Financial Calculators ( Quotation)					



Appendix C : Insurance Products for eCommerce

Code	Insurance Products	Very Much %	Much %	Average %	Low %	V. Low %
FIRE	Fire Insurance					
HLTH	Health Insurance					
TRVL	Travel Insurance					
LBTY	Liability Insurance					
MAR	Marine Insurance					
AVN	Aviation Insurance					
ENG	Engineering Insurance					
MOTR	Motor Insurance					
HOME	Home Insurance					
BRGL	Burglary Insurance					
MNY	Money in Transit Insurance					
LIFE	Life Insurance					

Appendix D : Expected Benefits for Insurance Companies by eCommerce

Code	Benefits	Very Much (%)	Much (%)	Average (%)	Low (%)	V.Low (%)
A	Brand and Image Promotion					
B	Lower establishment for sales and after sales service network					
C	Decentralization and no restrictions imposed by national borders.					
D	Cost reduction in value Chain Management					
E	Increase of Sales Volume					
F	Speed in Claim Management					
G	CRM through continuous service ( 24 hours/7 days) and fast response					
H	Extended Corporation with Partners					
I	Better stakeholder relationships					



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