



Research Article

A Study on Issues in Insurance Industry for a New Product Development

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Abstract

The insurance industry has done well in the past few years with good earnings growth and strong operating fundamentals. They have also made underwriting profits. Recently, the insurance industry has been affected by some big financial and economic events. The people in charge of these companies are looking at the issues that will help them keep doing and finding ways to make their businesses better. These issues also affect how insurance products are developed.

If insurance companies can launch products quickly or modify old ones and manage them well, they will be better than their competitors.

Research looks at the issues and product development in the insurance industry. The main goal is to make insurance companies more flexible so they can respond quickly to changes in the business rules or what their competitors are doing. Insurance companies need to do things to get ahead of their competitors. When it comes to developing products in the insurance industry, it often involves modifying old products by using parts of existing ones.

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1. INTRODUCTION

The insurance industry has basics and makes a lot of profit, which is what attracts people to it. However, over the past few years, it has been struggling due to a series of unusual financial and economic events. (Camilion solution, 2008). Research is now looking into the issues that improve or harm the insurance industry and how they relate to creating insurance products. This includes developing existing products as well as new ones in the insurance sector. The industry has made some progress in managing existing products by categorising and grouping them. It seems to have been stuck for the past few years. It undervalues the importance of customer and market information.

To successfully create insurance products, the industry needs to have the right information about customers, markets and even global politics at the right time to make smart decisions. Managing customer data, market trends, and geopolitical factors is crucial for making decisions. The insurance industry needs to utilise this information to move forward.

2. LITERATURE REVIEW

Earnings growth, strong operating basics and record profits from underwriting are features of the insurance industry's steady performance over the past few years. Recently, a series of financial and economic events has shaken the industry's stability. Experts within these companies are looking at the business challenges that will impact their success. They are focusing on chances to boost their business performance. These challenges also cover how insurance products are developed. The ability to quickly launch updated products and manage them efficiently throughout their lifecycle gives insurers a significant edge over their competitors. Research is focused on the challenges facing the insurance industry. How insurance products are developed. One key issue is increasing business agility, which is a vital goal for insurers trying to respond rapidly to changing business needs, regulations or market conditions. Insurers also face pressures, and they must perform flawlessly to gain an advantage over their rivals.

(J.David, 2008)Buyers see insurance products as similar, so being able to compete effectively and show customers the unique value of their products is essential for an insurer's continued success. Insurance product development involves modifying existing products by using and reusing parts of products. The insurance industry's product development also relies on creating products to meet changing customer needs. Insurers need to stay ahead of the competition by offering innovative products. This can be achieved by investing in product development and improving their underwriting processes.

ISSUES IN THE INSURANCE INDUSTRY

(Pega Systems 2009)

1. Being competitive in a price-driven market

In a market of options, it is tough for insurers to make their products and services stand out. The industry has come a long way in creating new products or offering special services to go along with their usual offerings. Products like long-term care or "pay as you drive" insurance offer value, but people usually choose based on price. When products seem like goods, it makes it harder for insurers to attract and keep good customers. Insurers are trying to solve this by making their products different, serving customers better, and cutting their costs. Insurers offer products and services. They want to attract and retain customers. Insurers are working to meet this challenge.

2. Creating a consistent customer experience that promotes customer acquisition and retention

Insurers usually get one chance to make an impression on customers. This impression can affect what customers decide to buy in the future. When you think about how much it costs to get customers and keep the good ones, insurers need to get these interactions right. This view helps insurers understand what customers need. They can then tailor their service based on how valuable each customer is. It also helps them find the times to offer customers more products or better ones.

3. Promoting "ease of use" across varied lines of business and distribution channels

Insurance companies have not made things easy for the people they work with. How easy it is for customers or partners to work with an insurance company can affect whether they want to do business with that insurance company or not. Now that technology is getting better, agents and brokers want it to be easy to send in business, make changes to policies, or handle claims with an insurance company. They want to be able to manage and track these things easily with the insurance company.

4. Effectively mitigating and managing regulatory reviews, fines and penalties.

Risk mitigation is really important for insurance companies. This is because insurance companies have to deal with a lot of rules and regulations. If they do not follow these rules, they can get in trouble. Have to pay fines. This can hurt the insurance company's reputation. Make it harder for them to grow. Insurance companies are trying to control what happens inside their organisations. They want to find problems before they happen and fix them. This is a part of how insurance companies try to reduce risks. By being in control of their processes, insurance companies can find operational risks and deal with them before they become big issues. Risk mitigation is something that insurance companies have to think about all the time.

5. Increasing growth with decreasing levels of support resources

The insurance industry is going through a tough time. This is a change for insurance companies. They will still have chances to get bigger on their own. Buying other companies, it will not be

easy. Insurance companies will have to grow with more money and people than they had before. To deal with work, insurance companies are trying to get better at what they do. They want to make their work easier and faster from the beginning to the end of every process. The insurance industry is working hard to make these changes happen.

6. Increasing work automation, process efficiency and continuous improvement opportunities

Insurance is a business that really needs people. Insurance companies depend on the skills and experience of their employees to run their business. Because of this, the work environment at an insurance company is often very manual. This makes it hard to measure how things are going, let alone control or improve them. Insurance companies want to find ways to make their back-office operations better. They want to take the knowledge of their employees, the people who are really good at their jobs and use it to automate some of the work. This way, the insurance companies can make their back-office operations more efficient by using the skills of their workers to improve these processes. The insurance business can become more efficient.

7. Managing product development and life cycle components effectively.

In insurance companies, it is hard to manage the life of a product. When people work on making a product, they need to make sure everyone is on the same page. This includes people in areas like the people who sell the product, the people who decide what to sell, the people who handle claims, the people who handle money and the people who handle legal things. Because of this, making a new product can be a messy process. This makes it tough for insurance companies to take advantage of opportunities or changes in the market. Insurance companies have to deal with this problem. The product development process is a part of this problem for insurance companies.

Product Development

To gain a competitive advantage and develop profitable products, new product development functions in insurance companies will need to -

1. Increase the speed of product development dramatically
2. Improve product quality by better matching of product specifications to the needs of customers
3. Increase pricing accuracy by developing better customer insights
4. Streamline processes to empower business users, like sales and marketing, to make decisions faster rather than rely on IT. Insurance industry leaders are increasingly turning to business process outsourcing as a strategic tool to help build integrated analytic services to improve product profitability.

CHALLENGES IN PRODUCT DEVELOPMENT

As insurance premiums start to decrease in a market, carriers are searching for new ways to grow outside their main

insurance products. This is particularly important for carriers in highly competitive markets, where prices are under a lot of pressure. One way for them to grow in these situations is to find new or specialised insurance products to add to their offerings. They can then create, set up and launch these products faster than their competitors. However, launching an insurance product can take some carriers over 180 days. By the time they spot an opportunity and release the product, it may be too late. Competitors might have already met that market need. Insurance carriers need to speed up their product launch process. They have to identify product opportunities and release them quickly. This will help them stay competitive in a changing market.

8. FINDINGS OF THE STUDY

The long time it takes to create insurance products is mainly because of the hassle and cost of linking to old legacy systems. This is needed to get data from those systems to design and offer policies. Insurance companies want to make it easier to create products and get ahead of their competitors while still using their old systems. They are trying to cut down on the problems that come with making products.

Industry leaders want to develop products in just 90 days.

The top performers are even aiming for 35 to 40 days.

They want to speed up how fast they can create and launch insurance products.

9. CONCLUSION & RECOMMENDATION

The insurance industry has a lot of opportunities. We just need to take the steps to make the most of these opportunities. There are some problems that affect the insurance sector. We need to find a way to deal with these problems that are hurting the insurance industry. It is also very important to develop products or make changes to the existing insurance products to grab these opportunities. When people buy insurance products, they think of them as things they can get anywhere. So insurance companies need to be able to compete or show customers what makes their products special. This is crucial for an insurance company to keep being successful. The insurance industry has a lot of opportunities, and insurance products are very important to people.

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