

The Current Situation and Problems of Internet Insurance in China

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Abstract: With the in-depth use of Internet technology in the insurance industry, social capital began to favor the insurance industry. With the increasing popularity of e-commerce, consumers' consumption concept is constantly changing, and Internet insurance has become a market that can not be ignored. But at the same time, due to the short development time of Internet insurance, the scale of Internet insurance has shown explosive growth, so there are many problems, which hurt the interests of consumers. This paper expounds the development status of Internet insurance in China, and analyzes the problems faced by the Internet insurance industry, hoping to enrich the research in related fields and further promote the development of Internet insurance.

1. Introduction

Internet insurance is based on the Internet to provide insurance products and related services for interested consumers. It not only has the whole process of traditional insurance from consulting insurance information to paying insurance expenses, but also networked this process, and combined with big data, artificial intelligence, blockchain and other technologies to make the whole process intelligent and automated. Therefore, the emergence of Internet insurance conforms to the trend of the rapid development of modern information technology, and has a very considerable development prospect. But there are some problems in the new model of Internet insurance, which need people's attention.

2. The Overview of Internet insurance

In recent years, with the rapid development of big data, artificial intelligence and blockchain technology, many traditional industries regard Internet technology as the key point of innovation in order to find a space for development in this wave. Insurance industry is one of the new channels to realize industry sales through Internet technology. Compared with traditional insurance, Internet insurance has the new characteristics of virtuality, interactivity, convenience and economy. Through the network to achieve transactions, good interaction with consumers, get rid of the space constraints, greatly reducing the transaction cost. However, with the regulatory trend of the "Internet plus" industry tightening in 2017, the market size of the Internet insurance industry also showed a marginal contraction, which resulted in the gradual decrease in the size of the Internet insurance market and the first time it fell below negative growth in 2017.

3. Development status of Internet insurance

China's Internet insurance originated at the end of last century, but it has not been popularized due to the constraints of economy and culture. Then it gradually developed into four operation modes, including the official website self built mode, the third-party e-commerce mode, the intermediary agent mode and the professional Internet insurance company mode ^[1]. In 2012, with the continuous development of modern mobile communication technology and the rise of e-commerce trend, Internet insurance has been rapidly popularized, realizing the substantial growth of Internet insurance industry market scale. In the following three years, the market growth rates of China's Internet insurance

industry reached 187.6%, 169.8% and 160.1% respectively, and reached the largest scale of 234.7 billion yuan in 2016. However, since 2016, China's Internet insurance industry has been in a period of stagnation due to the increasing regulatory trend of regulatory authorities, and fell below negative growth for the first time in 2017, with a penetration rate of only 5% in 2018. Therefore, it is necessary to re explore the Internet insurance business model and clarify the existing problems. At present, there are several obvious characteristics in the development of Internet insurance in China.

3.1 Expansion of insurance scale

With the blessing of e-commerce, Internet insurance has already been integrated into all aspects of people's life, and the continuous innovation and growth of its types have further stimulated the needs of customers. It not only includes the traditional automobile insurance and life insurance, but also introduces crowdfunding insurance, such as "micro care" one-year cancer prevention Insurance launched by Taikang Life on wechat. According to the monthly monitoring data of Internet property insurance of China Insurance Association (hereinafter referred to as the Insurance Association), from 2014 to 2019, the premium income of Internet property insurance business totaled 380.384 billion yuan. We can see that internet property insurance has experienced different stages of rising development, declining shrinkage, adjustment and recovery. In 2019, China's Internet insurance premium has reached 269.6 billion yuan. Based on the calculation of Internet insurance premium income, CICC expects that the market scale of sales innovation will reach 650.1 billion yuan in 2030.

3.2 Great market potential

First, on the demand side, the current behavior of consumers is deeply affected by the Internet. Online consumption has already become the main way of consumption. The post-80s, post-90s and post-00s have gradually become the main force of online consumption in China, and online consumption has become the mainstream. This has expanded channels for each link of Internet insurance and opened a broader market. Second, on the supply side, the development of Internet technology provides more diversified and personalized insurance services for consumers. For example, the maturity of big data, search engine and mobile payment technology has expanded the service scope of Internet insurance, from providing a single product to "product + service"; the development of artificial intelligence has optimized the consumer purchase experience, and can replace people to complete claims, user services and other links.

3.3 Active transformation of business structure

As mentioned above, the Internet insurance industry has benefited from the development of Internet technology and achieved a substantial growth in the market scale in a short period of time. However, due to the backwardness of the relevant legal system, it has not been effectively supervised, resulting in many problems such as Internet insurance sales fraud and concealment. Therefore, on the one hand, government departments call on consumers to enhance their awareness of self-protection; on the other hand, they call on financial regulators to strengthen supervision and deal with industry chaos quickly and seriously. In this context, Internet insurance companies accelerate the speed of business restructuring to adapt to the changes of the whole environment, such as increasing the development and sales of non auto insurance products.

4. Problems in Internet insurance

4.1 Facing double risks

With the continuous expansion of Internet insurance scale, the risks are gradually exposed to consumers. Internet insurance is an in-depth integration of insurance industry and Internet. Therefore, it not only has the risks of traditional insurance industry, but also has other risks brought by Internet technology and business innovation, including information security risk and technical operation risk, which often leads to the infringement of consumers' rights and interests such as the right to know. Moreover, due to the unfamiliar with Internet operation, the road of safeguarding rights is very difficult. This is caused by several factors: first, the lack of legislative mechanism of online insurance,

and the lack of legal basis will lead to the blind area of insurance supervision; second, the lack of awareness of risk management, when insurance companies focus on profits, the risk will be continuously magnified^[2]; third, the lack of professional risk management talents, such talents should not only have the professional knowledge of the financial industry, but also have the ability to manage risks. The corresponding Internet operation technology has a certain sensitivity to the international and domestic insurance market, but also has a high professional quality, so it is not easy to cultivate such talents.

4.2 Imperfect legal supervision

Although in recent years, the state has issued some rules and regulations for the Internet insurance industry, it can neither keep pace with the development of Internet insurance, nor fully protect the rights and interests of consumers. At present, its main legal basis is still the insurance law promulgated in 1995. Many problems involved in the Internet insurance business still have no clear legal interpretation, which is not conducive to the healthy development of Internet insurance business. Therefore, if we want the steady development of Internet insurance, we must improve the laws and regulations^[3].

5. Suggestions on the development of Internet insurance

First, Internet insurance should make full use of the advantages of new Internet technology, deeply explore the insurance needs of consumers, seize the market opportunity, and then provide personalized insurance services for consumers, give consumers unique consumption experience rather than homogeneous mode, enhance consumer viscosity and improve consumer satisfaction. Secondly, we should establish and improve the corresponding laws and regulations, so that there are laws to follow and rules to follow. We should not only clarify and improve the access threshold of the Internet insurance industry, but also clarify the business rules of the market main body, reduce Internet insurance disputes, and severely crack down on bad behaviors such as deception and concealment in Internet insurance, such as consumer information disclosure, so as to protect the legitimate rights and interests of consumers and ensure the sustainable and healthy development of Internet insurance. Finally, pay attention to the cultivation of Internet insurance professionals. To increase capital investment in talents and cultivate professional scientific and technological talents, we should not only be proficient in Internet operation technology, but also have higher professional ethics, so as to avoid divulging consumer information and doing things that harm consumers' rights and interests.

6. Conclusions

In short, as one of the representatives of traditional industries, insurance has completed the organic combination with the Internet, and with the help of big data, artificial intelligence and other advanced technologies, it has achieved precision marketing^[4]. The fast, efficient and accurate service and more humanized product design of Internet insurance are incomparable to traditional insurance. However, it must be noted that after a period of rapid development, the Internet insurance industry has shown fatigue, and a series of violations are still infringing on the legitimate rights and interests of consumers. It is necessary to take effective measures to keep pace with the times in supervision, safeguard the rights and interests of consumers through supervision, and encourage Internet insurance companies to actively develop new technologies to provide better services for consumers^[5].

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