

Challenges and Opportunities for Insurance Industry in Emerging Markets

There are lots of opportunities and challenges for insurance industry in emerging markets to understand properly first understanding of challenges and opportunities is essential.

➤ **Challenges:-**

“Offers to engage in a contest for specific outcomes.”

➤ **Opportunities:-**

“Chances to get through challenges requiring resources to be engage in such a way to achieve goals.”

Relationship of Challenges and Opportunities:-

Challenges and Opportunities are most closely connected with each other good firms converts challenges into opportunities. Its depends highly upon the efficiency of Resources of Company how they use their Resources in such a good manner to maximize its profit as well as Reputation.

In case of Emerging Markets this relationship becomes more critical as its more Competitive Market. To survive in these Markets a Company has to be very Customer Oriented with keeping an eye on other competitors activities and updates. Customers taste is the most important factor for the Insurance industry. It is very Challenging for the Insurance industry to Accelerate their Profits with keeping in view the Customers Demand and Taste.

Challenges for Insurance industry in emerging Markets:

There are always lots of challenges for insurance industry in emerging markets. Most of challenges are different from Area aspects. Following are some major Challenges Insurance industry is facing in Pakistan.

● **Awareness**

Awareness is the most sensitive issue in the sale of insurance. In most cases illiterate people did not get insurance policy even they requires it. The main reason behind it is the lack of awareness.

● **Skilled Human Resources**

Human capital is like blood in the human body for firms. Every firm requires good educated and skilled human resources. It is a very big challenge to get skilled Human resources as well as keep them in company for the maximum possible time by make sure them to satisfied to their jobs.

● **Clear Rates**

Interest and profit rates should be very clear for the customers from the very first day of their policy. Vivid and complicated rates creates confusion in customers mind which can lead a customer to avoid the insurance.

- **Customers Access**

It is also a challenge for the insurance industry to keep close to its customers. This function needs the companies to invest in market penetration.

- **Political Pressure**

Political Pressure is also a big challenge for insurance industry. Insurance industry have to be bound by the rules and regulations assigned by the state which can reduce the profitability of company. Emerging markets face more political pressure than developed markets.

- **Economic Changes**

Economy of any country impacts very largely on insurance sector. On emerging markets economy is a very critical issue. With the increase of economy more people would tend to show interest in insurance.

- **Halal and Haram conflicts**

It is most generally discussed matter in society specially in Pakistan. It is a challenge for insurance industry to clear the thinking of people about this serious issue.

- **Challenging Customer Behaviour**

With the Changing world Customer behaviour is also modifier from last Decades. With the Inflation Rate effects insurance sector is facing many problems to get new customers.

- **Inflation Effects**

Inflation plays a vital role in economy of any country with increased inflation in country value of money decreases while the income of people specially employed remains same.

- **Regular Growth**

It is a challenge for insurance industry to maintain their progress with effective policies.

- **Product Development**

Provide something new and better than others is key factor for success in higher competitive conditions.

- **Per Capita Income**

This factor is the source for the new customers in insurance if per capita is lower then less people would come for insurance.

- **Technological Development**

In today's world technology has been developed many times than previous. To succeed technology is the must thing and a challenge for industry to make some Innovative and customer Friendly technology.

Opportunities for Insurance industry in emerging Markets:

It is very vital for Insurance industry to avail as much 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 a wise manner. Following are the opportunities a Insurance Company likely to have in most of conditions.

- **Social Approach**

It is opportunity for Emerging market insurers to utilize Social networking which had been dominated in the whole world. Social approach can be used in many ways like Advertisement customer awareness and many other things.

- **Awareness Programs**

Insurance industry can establish awareness programs for illiterate people. This can get more people knows what actually insurance is.

- **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 modified today. Insurance industry can use E.commerce to get through customers electronically.

- **Flexibilities in Resources**

Insurance companies uses flexible resources becomes more efficient then the companies with rigid resources.

- **Manage a 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 a part of our economy Insurance industry should introduce Plans for minors.

Conclusion:

In Emerging Markets Challenges and Opportunities are available. Customers demand and use electronic media are the most important factors in long run objectives of any insurance company. Insurance companies with innovative team work and professional human capital can be very succeed if other factors like economic and political pressures do not effect in big.

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 in the emerging markets is low so operational efficiency is important. operational excellence is a key for insurers and investors to becomes developed.