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4 key trends shaping the future of life insurance for the millennials and Gen Z

Insurance industry is adapting to meet the evolving needs of millennials and Gen Z. Insurers are focusing on personalized, tech-savvy, and transparent offerings.



Millennials have disrupted many industries, and insurance is not an exception. This generation values connectivity and their continuous access to information, thus demanding personalised experiences, transparency, and technology-driven solutions.

In the dynamic landscape of the Indian life insurance industry, a transformative shift is underway, with prime focus on providing tailored financial protection for the next generation. The evolving needs and aspirations of young individuals demand a more personalised approach to life insurance. This paradigm shift is essential to ensure that the younger population is equipped with robust financial security, paving the way for a prosperous future.

According to a Nasscom report, By 2030, millennials and Gen Z will account for half of India's population. As of 2021, the share of millennials and Gen Z in India was higher than the world

average. The traditional "one-size-fits-all" approach to life insurance is giving way to a more nuanced strategy.

Insurers are recognizing the diverse financial goals and risk profiles of the younger demographic and are tailoring their offerings accordingly. The shift is not merely because of changing market dynamics but is also a proactive measure to empower the younger generation to be more equipped with their financial standing.

Understanding millennial behaviour

Millennials are known for being tech-savvy who are very conscious about their health and wellness, and valuing experiences besides material possessions. Simplicity and transparency in their financial dealings are what they want, and they are more likely to engage with policies that are to the point with no fuss or hidden clauses.

Insurers at this junction need to tailor their policies to the specific needs of millennials and digital natives. This includes offering easy-to-understand terms, easy access to information, straightforward coverage options, and transparent pricing. By providing clear information and eliminating confusing jargon, insurers can build trust and make it easier for millennials to make informed decisions about their coverage.

Flexible terms and digital avenues

It would be difficult for millennials to buy into long-term contracts; hence, insurers need to start offering short tenure insurance policies making it more flexible and easy for everyone to understand and make wise decisions. It is also important for millennials to have alternatives that can be adjusted in line with their various life changes, such as getting married or buying a home or any of the other life aspirations. Some of these may include increasing or decreasing the coverage amount, thus catering to such events in their lives, or maybe turning shorter tenure policies into longer tenure ones.

Tech-enabled underwriting especially for youth

Insurers nowadays need to adopt digital technologies to enhance the process of underwriting and ease out process for the digital population. The use of health apps and wearables, among other digital sources, to streamline this process is one of such recent examples.

Aligning with lifestyle choices

Millennials prioritise their health above everything else. To attract them, wellness programs or discounts could be considered by insurance companies targeting this market segment. As such, it becomes possible for insurers to incentivize millennials to lead healthy lives, something that will benefit both themselves as policyholders and the insurer itself in the long run. Additionally, incorporating wellness and preventive care initiatives may resonate well with a generation focused on holistic well-being.

To be relevant and effective in meeting the financial well-being targets of the future generation, there is a need for adaptation within the insurance industry. For them to serve millennials effectively, insurers must understand millennial traits and offer simple policies.

As millennials and Gen Z continue to shape the future of insurance, it is imperative that insurers remain nimble and responsive to their changing needs; this will not only guarantee their survival in a volatile environment but also help with the financial health of a generation that will reshape global society.

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