

# INSURANCE 2020 & BEYOND: WHAT'S NEXT?

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An insurance company boss had once remarked that Indians are the world's bravest people. The underlying indication in his sarcasm was the abysmally low insurance penetration in the country and the pace of its growth. Insurance penetration — calculated as the rate of insurance premiums to GDP — stood at around 3.7 per cent in 2019, according to a report by the Insurance Regulatory and Development Authority of India (IRDAI). The comparable global average is almost double that of India's. So, why are Indians under-insured? Lack of awareness, trust and transparency in varying degrees, agreed the panellists at the The Economic Times-IBM Reshape Tomorrow Insurance Industry CEO Roundtable.

As Anamika Roy Rashtrawar of IFFCO-Tokio explained, there are three age groups: 23-30, 30-60 and those above 60 years, and all the three groups postpone insurance buying, first due to lack of product understanding, then due to lack of motivation and, finally, because of doubt. "So, my advice to youngsters is: do not hesitate or wait to secure yourself. I keep telling young people that the cost of a personal accident cover is the cost of two big pizzas that you



It began with a tough situation in April but we are seeing month-on-month improvements. My sense is that Q3 of FY21 will be better than the same time last year. The industry will record growth over last year

**PRASHANT TRIPATHY**  
MD & CEO, Max Life Insurance



We always had the technology, the apps and the tools but we were comfortable doing them manually. COVID has shown us that there is no alternative. And, this has accelerated technology adoption

**MAHESH BALASUBRAMANIAN**  
MD & CEO, Kotak Mahindra General Insurance



The big change has been in how we are selling insurance and how customers are oriented to buy them. A big worry was how to cope with the closure of face-to-face business. But the customer himself is insisting on technology, and that's a change

**TARUN CHUGH**  
MD & CEO, Bajaj Allianz Life Insurance

buy. And the health cover is the money you spend on a party," she added.

"But before that, insurance companies need to start co-creating and co-innovating with customers to create a differentiated service experience and integrated offerings," said Sandip Patel of IBM. "Trust has always been a concern in this industry but we now have an opportunity to

change the perception and strengthen the foundation of trust with digitisation," said Patel. The insurers need to simplify insurance products to increase penetration in India.

"Technology and simplification go hand-in-hand because you can't sell complicated products online. So, that is what the regulator has mandated now, that there will be a simple and

templated product guideline. Once that is there, technology will play a very big role and it will be a game of volumes. Imagine if there is even a 2 per cent higher penetration of insurance into a population of 1.3 billion," said Anuj Mathur of Canara-HSBC Oriental Bank of Commerce Life Insurance

While Covid-19 ravaged businesses across the globe, it has presented a

once-in-a-lifetime opportunity for the insurance sector. A pandemic-hit world has seen a rush amongst people to 'insure' themselves against health risks. The economic gloom has pushed people to secure themselves against uncertainties. While health insurance has seen the highest traction and is poised to see 20 per cent annual growth, other sectors have

also shown resilience. "Life insurance is growing and doing better. It is because in times like these, people look at life insurance as if they are facing a life-threatening pandemic," said Prashant Tripathy of Max Life Insurance.

The other business accelerator is data. Traditionally, the insurance sector has been data-rich but now there is access to data-sets

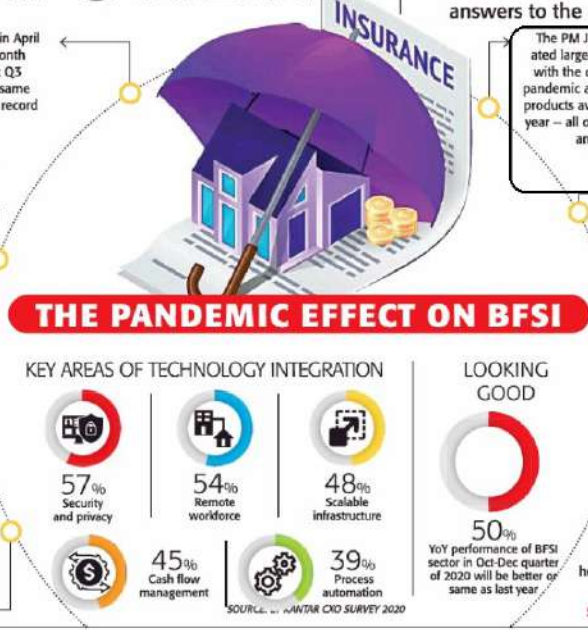
that are different and new such as sensor data, weather data, many of which tend to lose relevance in nano-seconds but these are shaping how insurance companies can think and manage risk. Patel cited the example of living homes for seniors in Germany where sensors are used for behavioural alerts for the residents. And how that data has been successfully used

A customer's biggest complaint against the insurance sector is lack of transparency, leading to trust issues. Feeding into this are complicated products with equally complex brochures. Can technology and data provide answers to the problems?

by insurance companies for better risk management of these senior citizens. Panellists hoped that effective data harnessing will give rise to business models where the Indian insurer's gain in market share with customised products will be backed by increased profits. "From a hard push product, insurance is now becoming a soft-nudge product. Add data to this and it will be the deciding factor for the future of this industry," said Tarun Chugh of Bajaj Allianz Life Insurance.

While technology will increase simplicity and comparability to empower customers, data will help the insurer towards predictive underwriting and dynamic pricing. "As far as data goes, the mantra is, Jago Insurers Jago. Like the credit bureau and credit score helping banks to lend, we should come up with an insurance score to weed out repeat offenders amongst agents, customers, hospitals, etc.," said Mahesh Balasubramanian of Kotak Mahindra General Insurance.

Along with trust and simplification of products, the time has come for insurance companies to become more transparent and educate the customer about the risks that they are insuring against. "Transparency is the bedrock for success of the insurance industry. It will help the insurers sell higher premium levels and enable customers to make informed decisions," said Patel of IBM. Therein lies the hope that the insurance sector will demystify itself and people will be better insured for the future.



The PM Jeevan Jyoti Yojana that created large-scale awareness coupled with the disruptions caused by the pandemic and the templated simple products available from January next year — all of these will take the insurance sector to a different level

**ANUJ MATHUR, MD & CEO, Canara-HSBC Oriental Bank of Commerce Life Insurance**

In India, we cannot do without a health cover as we have limited sources of income and do not have a full-fledged coverage from the government. It is best to secure whatever funds you have as that is going to be your best friend in uncertain times like these

**ANAMIKA ROY RASHTRAWAR**  
MD & CEO, IFFCO Tokio

The goal is to become more relevant to our customers and engage as partners. Digital insurance solutions powered by AI and Cloud can help insurers understand and reach customers with relevance and personalization

**SANDIP PATEL, MD, IBM India and South Asia**