

A Demanding Future for the Insurance Distribution Industry

It was a pleasure to have [Tarannum Hasib](#), Chief Distribution Officer at [Canara HSBC OBC Life](#) share her expertise on the current state of insurance distribution as well as strategies to optimize it for the next stage of evolution.

1. Factors Influencing Distribution Strategy in the Post-Covid Era

The pandemic has affected how people engage with one another across industries and geographies. Physical distancing and other quarantine measures have shifted activities once considered critical to have in-person to digital and remote channels. This change has affected insurance distribution, and it is no surprise that the COVID-19 situation poses a wide-ranging series of challenges for insurance companies to maintain their operations. Going forward, insurance companies will need to rethink their distribution model across three dimensions: customers, sales force, and enablers (including investment in data and digital tools)

- **Cohesive Service Platform for Customers:** Customers continue to want more from insurance companies, whether in terms of "how I want it, where I want it, or when I want it." Changing customer expectations and behavior pushes insurance companies to collaborate with other players and build channels to engage with customers in newer and cohesive ways.
- **Agents and Relationship Managers:** Across all sectors, agents, relationship managers, and advisors remain strong, demonstrating value to today's insurance buyers. They understand the importance of digital - right from prospecting to lead sourcing. They integrate their social media presence with an insurer's digital platform for a better brand recall for their clients.
- **Shifting to Digital Service to Protect the Top Line:** Insurance brands are moving to a digital services model where customers can complete every stage of the sales process online, from the discovery of information to advice and purchase.

2. The Shift in Distribution: Relationship Skills vs. Advisory vs. Self-exploration

Insurance being a long-term contract with financial gains accruing in the future has led to trust and confidence being the single most important factor while making a purchase decision by an individual. Advisory and relationship, therefore, play a vital role even today; however, this is now coupled with self-exploration considering the ease at which information is available in digital media.

Consumers embrace digital channels, and their experiences with leading tech companies have also raised their expectations when buying insurance online and offline. The standard customers are now expecting a seamless, consistent "multi-access" experience across all touchpoints.

Traditionally, insurance companies have agents, bank relationship managers, or brokers designated as the primary interaction channel with their customers. Changes in customer behavior are causing a fundamental shift in how insurance companies are now re-aligning their distribution models.

Now, customers demand multiple access points for engaging with their insurance company in their financial journey. While they consider service quality and trusted advice from a salesperson to be an essential part of their decision to purchase, due to the convenience of online channels, customers engage more frequently with the companies directly through digital channels to explore on their own. Therefore, supporting a multi-access customer journey will be critical for insurance companies in the future. Going forward, relationships and advisory will co-exist with self-exploration.

3. Why the Agency Channel is Expected to Become the Largest Contributor of all Distribution Models

I would say physical sales forces, including agents, corporate agents, and brokers, are responsible for the majority of insurance distribution. While the share of business conducted via these channels has been shifting during the past decade as some customers migrate online, they remain the primary channels.

We have seen a shift in terms of products purchase behavior, with more and more customers opting for online purchases. However, for savings products and large value purchases, the primary channels remain face to face.

To earn customer loyalty, drive growth and attract new customers, agents are adopting and mastering unique technology that can provide continuous engagement. In this way, agents partner with technology to manage leads and organize marketing programs to guide consumers through an elevated, sequential customer journey geared at building relationships that future insurance policyholders highly value and thus stay as the largest contributor in the distribution model.

4. AI as an Influencer in Insurance Distribution

Insurance is a highly regulated industry. Perhaps, this is the primary reason insurance companies have been slower to embrace technology change than other industries. Insurance is still entrenched in manual, paper-based processes that are time-consuming and require human intervention. That said, we are starting to see a global push by insurance companies to augment their technological capabilities to do business faster, more securely, and cost-effectively.

- AI can price insurance policies more competitively and create customized policies for the customers. Insurance companies can price products based on individual needs and lifestyles so that customers need to pay only for the coverage they need. This widens the appeal of insurance to a larger set of customers, some of whom may then purchase insurance for the first time.
- AI can be beneficial in recognizing fraud patterns and reduce fraudulent claims. It can also improve insurance companies' risks and actuarial models, potentially leading to more profitable products.
- Onboarding processes are supported by AI, which improves customer experience.
- Customer service has been positively impacted by the use of AI and especially for a long term financial product like insurance

Conclusion

In the next normal, distribution leaders who understand the need to build a future-ready sales force and plan for the longer term will be better able to lead.

Link - <https://blog.aureusanalytics.com/blog/a-demanding-future-for-the-insurance-distribution-industry>

ABOUT THE AUTHOR

Tarannum Hasib is the Chief Distribution Officer at Canara HSBC OBC Life Insurance. She has over 22 years of experience across a number of functional areas, including Financial, Retail Sales, Corporate Sales, Business Development, and developing sales models and strategies for Life Insurance and Non-Life Insurance companies. She served as Head of Bancassurance & Alliances & Rural at Max Bupa Health Insurance previously. She headed the Employee Benefits business at Canara HSBC OBC Life Insurance before joining Max Bupa Health Insurance.



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