

PANEL DISCUSSION: **INSURANCE**

Digitisation Can Improve Insurance Penetration

Using AI cuts the claim process time from two hours to 10 minutes



From left to right: Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance; Sumit Rai MD & CEO, Edelweiss Tokio Life; Ashish Mehrotra, CEO & Managing Director at Max Bupa Health Insurance

By **Anagh Pal**

Digitisation is a tool to find a solution to what needs to be done. The insurance industry faces a peculiar issue. Even as the industry is paying claims through its nose, the common man on the street feels that insurance companies do not pay any claims and only collect money.

Digitisation can help solve this problem. Insurance is about collecting money from many and paying it to a few who have faced some untoward incident for which they were covered by

“**Nowadays, one is not required to struggle for days to collect information and data**”

Tapan Singhel
MD & CEO, Bajaj Allianz General Insurance

a contract. So, when someone launches a claim, the onus is on the industry to scrutinize it well so that they do not end up paying to any fraudster. “Hence, as soon as you file a claim, the insurance

company treats you as a fraudster till you are proven honest by the questioning mechanism. The insurer asks several questions to the insured. This may lead many to think that insurance companies do not want to pay claims,” said Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.

However, digitisation has a solution for the stated problem. “Nowadays, mobile phones have cameras with a good network, hence the physical presence of a surveyor is not needed. One is not required to struggle for days to collect information and data. Instead, you can get the customer to click pictures, upload, verify the claim and then transfer the money,” he said.

“The problem statement has to be solved and digitisation is one of the tools to solve it. If you are doing that well, you are going in the right direction,” he added.

According to Ashish Mehrotra, CEO, Max Bupa Health Insurance, the customer journey for any financial service product can be broken into five parts. It is the same with insurance. The way we attract the customers, connect to them, fulfill their needs and deepen the relationship.

Over the last five years, the advent of mobile phones and internet connection in India has significantly leapfrogged us to a different stage than the rest of the world. “If you keep

the customer in the very center of what you do and you plot these five stages of the customer lifecycle, then you are solving the real problem. We are now breaking the insurance product into simple consumables, what we call as sachets. On the claim side, we have used Artificial Intelligence (AI). It is helping us to get to 99.6 per cent accuracy on almost 40 per cent of our claims which is dramatically superior that we could have done ourselves. We have a 2 per cent higher error rate than what AI and Machine Learning is helping us to achieve,” said Mehrotra.

In the end, simplifying and solving the real customer issues will eventually bring efficiency into the insurance business, resulting in a cost-cutting scenario. The AI use on claims cuts the claim process time from an hour or two hours to about 10 minutes. Information can be analysed correctly and approved on time irrespective of the claim.

“Using technology and digitisation makes it far easier and unchallenging to identify fraud incidents. Hence the very first conversation must be of a quality where the customer has immense trust in the agent. The trust gets transferred to the company, where the customer’s needs will be fulfilled seamlessly.

““
The insurance is not a bought product but a sold product, hence limitations will be there

Sumit Rai
MD & CEO, Edelweiss Tokio Life Insurance

““
First conversation must be of a quality where the customer has immense trust in the agent

Ashish Mehrotra
CEO, Max Bupa Health Insurance

It needs to create a platform that simplifies the contract by using the current digital tools like AI and ensures that the right advice is given to the right customer”, said Mehrotra.

Digitisation can help improve the quality of the conversation between the distributor and the customer.

“Here is where digitisation will truly make a difference. However, since insurance is not a bought product but a sold product, some limitations will be there. The true power of digitisation is for distributors to know customers better, serve them diligently and build a long-lasting career for themselves and the business,” said Sumit Rai, MD, and CEO, Edelweiss Tokio Life Insurance.

The insurance penetration in India is about 3 to 4 per cent which is very low as compared to some other countries. Digitisation can play a role in increasing this penetration. The dissemination of information has become more accessible and that empowers the end consumer and the intermediaries on phones, tablets or laptops.

Digitisation is helping insurance companies to understand the needs, which has resulted in products like toffee insurance, bite-sized insurance. While insurance will predominantly remain an

advisory product when it is broken to the micro needs of the customer, it will help leapfrog the penetration and adoption of insurance.

Mehrotra said, “When we work with Fintech companies and banks, one can create smaller, simpler products which help customers to experience insurance and then they come back to us. Sometimes we have a bunch of products we offer with a bank like a simple Rs 1,000 product linked to account opening or insurance products worth Rs 50 or Rs 100 meant for a communicable disease or event. Out of people who buy that product, 20 to 30 per cent are coming back to buy a full-fledged product. This ensures that once a customer experiences the value of an insurance, the adoption rate will grow up considerably.”

The combined growth in health insurance is 15 per cent on a YTD basis. Also, this adoption is coming more in Tier II and Tier III cities.

According to Singhel, we should relook at data protection norms as our data is already compromised and we are not aware of it. Even if a customer has given a consent, the insurer should not use the data for any other purpose. Data protection is about ethics and it should also progress to the digital world. But there should be KYC norms for the insurance industry as well.

One needs to understand that insurtech is not about creating a product but creating a full ecosystem. This will help solve a customer’s problem, help drive the penetration and customer appreciation of the core product. ■