

InsurTech: Not revolution but evolution

They create a better experience for insurance customers by catalysing innovation and technological advancement in the insurance industry. But can InsurTechs be a solution for all problems and are they sustainable? *Asia Insurance Review* speaks to an incumbent insurer and an InsurTech to get a balanced view of the true potential of Insurtech.

By Anoop Khanna



Mr K V Dipu



Mr Rishi Jain

Insurtechs are not burdened with the legacy issues of traditional insurers and are now embedded in the insurance value chain. They are making a difference in solving the problems of low trust, poor penetration and the large protection gap that beset the insurance industry. InsurTechs leverage technology to enable the traditional insurers to adapt to customer expectations and deliver innovative solutions.

InsurTechs are enablers

Bajaj Allianz General Insurance head-operations and customer service K V Dipu said, "With the customer as the motivator for change, InsurTech is definitely an enabler for the industry. These companies (InsurTechs) not only help acquire new customers, but also focus on solving current challenges in insurance. Insurtechs are creating digital platforms with ecosystems whereby specialist services can be interconnected ultimately to generate maximum value for the end user."

Initiate innovation and technology

"Through technology, insurers are now able to enhance the customer experience by simplifying insurance for them and settling claims faster which is helping in building faith and trust amongst them. It also enables insurers to reach every nook and corner of the country to distribute insurance thereby contributing to improving the

penetration," said Mr Dipu.

Infintus Innovations CEO Rishi Jain said, "The insurance industry, by its fundamental characteristic, is averse to risk taking and its focus is to be able to service claims and build trust with customers. Hence, existing insurance players are betting on InsurTechs to be enablers."

Mr Jain said, "These are the very areas where InsurTechs could add value. They would connect dots, collaborate and innovate by looking at other industries, business models, geographies and stakeholders to increase insurance awareness and penetration.

"They will bring technology to enhance customer experience and automation and help reduce customer journeys that used to take 10 steps and five days to five clicks and 10 minutes."

Impact the insurance value chain

Mr Dipu said, "Infusion of technology in the insurance industry has transformed the entire value chain. The areas that I believe have perhaps witnessed the maximum change include procurement of new business with enriched customer experience; underwriting using data that enables better understanding of risks; innovative distribution via digital platforms and loss prevention and remediation through IoT and machine learning."

"The areas in the insurance value chain that would see the maximum

impact by InsurTechs would be marketing (how to reach more customers), distribution (how to sell to more customers) and customer experience (how to provide better experience to customers). These would undergo the maximum change and impact," said Jain.

Will InsurTechs be sustainable?

According to Willis Tower Watson, InsurTechs globally garnered investment of \$2.3bn in 2017, a 36% increase compared to \$1.7bn in 2016.

Mr Dipu said, "Sustainability of InsurTechs would be linked to insurance companies' efforts towards innovation and adoption of big five technologies (connected devices, AI and machine learning, blockchain, data analytics and platform-based insurance).

Mr Jain said, "Less than 20% of InsurTechs would be sustainable. Sustainability comes from scalability and scalability comes from the size of the addressable market. InsurTechs operating in digital insurer, digital distributor and digital platform providers' markets have large addressable markets. They are very likely to develop sustainable business as long as they avoid spending too much too soon and build a business model and cost structure for a long-term play.

"Niche InsurTechs focusing on optimising certain aspects of the value chain would struggle to sustain themselves due to the small size of market." ■