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# Digital intervention is the key towards improving penetration

The biggest breakthrough for the insurance industry in this year was the initiative launched by Prime Minister Narendra Modi – Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). These products are simple and are being distributed through banks that have the largest network in the country and the method of fulfillment is just an SMS. This initiative is a great example of how simplicity of a product, a robust distribution network and use of mobile technology can transform the entire industry. This was a great step forward for the industry that is known to be complicated and highly jargonised since the initiative showed how we can reach millions of customers when the products and process are simplified.

Currently, one of the biggest challenges for Indian insurers is to reach out to newer customers and markets given the lack of right distribution infrastructure, complex nature of products and archaic procedures. These are the areas we need to focus on in 2016. The need of the hour is to use unique distribution and communication channels for better penetration, simpler products and claim settlement procedures to ensure that more people are inclined towards availing insurance solutions.

Digital intervention is the key towards improving the penetration in the country and the industry cannot remain muted when it comes to advancements in digital and mobile technologies. In fact, three years ago huge infrastructure costs were a deterrent to reach out to large seg-

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ments within the country. Today, digital platforms have paved the way for insurers to reach out to customers even in the remote corners.

A strong distribution model has to be coupled with simpler need-based products and service procedures. Products that can be bought in three to four easy steps using digital and mobile platforms. With 500 million internet and mobile users in India, go-

ing forward, insurers will have to create an entire digital ecosystem that will enable every transaction online starting from research to purchase on a real-time basis. Simplification of user interface will definitely act as an impetus for Indian consumers to make an insurance purchase.

With Indian customers more informed and connected, we will have to establish stronger relationship with them with increased communication and deliver the right solutions at the right time. For example, if a family is looking at a home insurance cover as protection against burglary and malicious damage for the duration when they are travelling or are away from their home, they could tailor the product to their requirement for a price that fits their budget, make a comparison on the benefits and make a purchase straightaway in few easy steps. The internet will also allow us to provide usage-based insurance esp. in motor and health insurance space by tracking the customer's activity and subsequently offering discounts and other rewards for healthy and safe behaviour.

In the near future, insurers will have to also look at adopting an omnichannel approach, wherein besides engaging more with customers on digital platforms, they would also need to facilitate their on-field workforce to be more technologically enabled. For this, digital technology will not just be complimentary to the insurer's business operations, but will have to be the core.

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## DIGITAL PAN

► **Focus area:** A strong distribution model has to be coupled with simpler need-based products and service procedures

► **Reach out:** Digital platforms have paved way for insurers to reach out to customers even in the remote corners

► **On fast track:** In the near future, insurers will also need to facilitate their on-field workforce to be more technologically enabled