

General insurance all set to go digital

Better information on consumer behaviour will help in creating customised products. But cyber security is a challenge

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The year 2017 has seen the insurance industry undergo a series of transformations from the macroeconomic environment with the implementation of GST, listing of large insurers for the first time on the Indian stock exchanges, foreign reinsurers opening branches in India, rapid use of digital advancements and regulatory changes in the direction of making insurance more customer-centric and transparent.

Technology pays

The use of technology has gained momentum during the year with the industry exploring and implementing technological advancements such as Blockchain, telematics and internet of things, among others. Especially in motor insurance and health insurance, customers are empowered to self-survey the loss and to file claims instantly using their smartphones, and insurers can immediately assess and settle the claims. This has significantly reduced the claim settlement time from days to minutes and provided value not just from an efficiency standpoint, but also from a time and convenience perspective for customers.

In travel insurance, the usage of Blockchain has enabled a disintermediated claims processing using machines providing much higher customer convenience, whereby customer's claims are proactively initiated by the insurer and settled instantly in a span of few minutes.

The availability of e-KYC (know your customer) using Aadhaar, mobile payments, customer's self-service options for claim logging and tracking, telematics data and location data tracking has also ensured that insurers get more relevant and accurate information. With access to such information customers can be incentivised with personalised products and

the best premium costs in the near future.

With the help of telematics and by offering connected devices fitted into cars, insurers are helping the customer get a better understanding of their driving behaviour for efficient fuel consumption, to navigate road conditions and remotely monitor the vehicle's location. In the future, the motor insurance premium could also be directly proportional to the performance and usage of the vehicle. Many insurers have also introduced chatbots leveraging on artificial intelligence to ensure 24/7 customer support and provide instant digital solutions. This may lead in time to automated underwriting enabling insurers to issue customer policies instantaneously with a much deeper understanding of information about customers.

Distribution and reach

With rising medical inflation and hospital charges, health insurance has become a necessity for not just the urban population but as well as for those living in the vast interiors of the country. The year has seen some significant changes in the crucial aspect of distribution of insurance products. The regulator's step to allow health insurance products to be also sold through point-of-sale persons is a significant step in that regard as it will allow insurers to deploy more distributors on the ground to spread health insurance farther. In another significant step, the role of motor dealers has been recognised by the regulator and in a landmark step they have been brought under the regulatory purview. Motor dealers can get registered as Motor Insurance Service Providers now, which will further bring ease in distribution and better service for the customers, with greater choice.

Under the open architecture in bancassurance, during the year



Going beyond vanilla motor insurance For so many vehicles and users SUSHIL KUMAR VERMA

insurers have forged tie-ups with major banks, allowing insurers to reach customers through the vast bank branches spread throughout the country offering more choice and convenience to customers.

With re-insurers setting up branch offices in India, apart from bringing in additional capital and increased capacity, the insurance industry will also see gain from exponential assistance in latest models of technical, underwriting and claims redress. Given the growing economy and increasing global impressions there is a need for international products and this may facilitate the introduction of solutions such as title insurance or new manifestations in liability insurance.

Poised for change

As the nation moves towards a digital cashless economy, the insurance industry is poised at the cusp of a digital revolution as it looks to automate and provide intelligent solutions through its entire value chain and interactions with customers. The insurance industry will also move from a product-based approach to a dynamic consumer-based approach and move beyond offering annual policies to customised short-duration plans based on the custom-

er's requirements. It will usher in a set of challenges as traditional portfolios such as motor insurance may undertake a change with the push to move to electric cars and the gradual global shift to autonomous cars. With an increasing number of cyber attacks last year, Indian consumers are also likely to opt for new-age risk offerings such as cyber covers, apart from corporates.

Additionally, with the listing of some large insurers, we will see a greater focus on profitability which will lead to better risk selection and reduction in discounting and price wars in the insurance industry. This in turn will ensure that insurers can focus on innovative customer-centric products and services and spreading insurance into the hinterlands to extend the financial security net to the masses and further drive the Indian insurance industry's reach and growth story.

Lack of appropriate infrastructure and reaching out to the interiors of the country in a cost-effective and sustainable manner remains a challenge. Insurance in India has a very old history, going back to about 1800, yet the benefits of insurance are still to reach the masses with retail penetration for non-life insurance standing at just 3 per cent. While privat-

isation of the industry in 2000, the entry of new private players, and a series of regulatory efforts has stimulated competition and innovation in products and distribution, a lot needs to be done to address the issue of low retail insurance penetration. The insurance industry, the regulator and the Government need to work together to bring out affordable universal insurance schemes to ensure that benefits reach to every citizen of the country.

Human touch matters

I believe that while digitisation is a great tool to change perceptions about insurance, that alone will not be the sole means to the end for insurers in India. Human intervention will continue to play an important role in our country. Therefore, the insurance industry must adopt an approach which is a combination of both. They need to provide omni-channel access, have empathy, and touch elements through its physical presence and employee network on a people-to-people touch basis. Insurers will in this process not only transform the customer experience, they will also create many jobs and opportunities.

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