

# 2020 brought standardization, digitization to insurance sector

Covid has ushered in faster adoption of digitization by the insurance industry as well as customers

Abhinav Kaul and Navneet Dubey

The year 2020 was tough for the insurance industry but it also helped it reinvent itself like never before. For instance, the industry brought in many customer-facing features, which would have normally taken years to become functional. There were also many firsts this year. In health insurance, short-term policies (generally, insurance policies tenure is of one year) were launched, telemedicine (treating patients using telecommunication) was brought in and instalment option was introduced for premium payments. Life insurance business, which was predominantly done via offline channels, largely moved online.

The year, along with the pandemic, brought huge disruptions. Procedures in health insurance were digitized, which otherwise were quite traditional. Right from buying a policy to underwriting process and the claims settlement, everything is digitally available now," said Krishnan Ramachandran, MD and CEO, Max Bupa Health Insurance Co. Ltd.

After the pandemic broke out, policyholders faced problems in getting their claims settled, while according to Ramachandran, insurers also faced challenges in managing customer grievances due to overcharging at hospitals and denial of cashless facilities in some instances.

We look at the key developments in the insurance sector in 2020 and the challenges ahead.

## STANDARDIZATION

One of the most promising policy changes that were brought in by the Insurance Regulatory and



Development Authority of India (IRDAI) was standardization of insurance products. This enabled insurers to launch products with uniform features, which makes policies simple to understand and affordable. The regulator this year introduced standard insurance products such as Arogya Sanjeevani (health), policies for covid-19 (Corona Rakshak and Corona Kavach), Saral Jeevan Bima (term plan) and standard covers for vector-borne diseases as well as personal accident.

## DIGITIZATION

"Covid-19 has ushered in the accelerated digitization in the industry as well as rapid acceptance and adoption by customers," said Anand Roy, MD, Star Health and Allied Insurance Co. Ltd.

Digitization was one of pillars on which the industry was able to engage with its key stakeholders.

"While I feel that an insurance sale happens best over conversations and in-person meetings, the lockdown this year proved that digitization works just as well. You can forge relationships and convince people about insurance virtually too," said Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance Co. Ltd.

The pandemic has led to increased adoption of digital platforms by individuals, and as a result, many are purchasing policies online. "Customers are also taking up self-help services through websites for changes to be done in the policy, and submission of claim intimations and documents, among others," said Ravi Vishwanath, president, accident and health business, HDFC ERGO General Insurance Co. Ltd.

In sync with the health sector, the life insurance space also made giant strides in 2020. Life insur-

ance products, which were predominantly sold via offline channels, saw big demand on online channels as well. "Digital platforms and tools helped life insurance companies to create and distribute simplified, digital-native products in cost-effective ways," said Kamlesh Rao, MD & CEO, Aditya Birla Sun Life Insurance Co. Ltd.

From the product perspective, term insurance plans also saw an uptick during the year. However, the industry is in wait-and-watch mode for other products.

"We will have to see how the next few months pan out with respect to the new strain of the virus and the vaccine. If the news stays positive then I'm sure market-linked products will see a comeback in a big way," said Tarun Chugh, MD and CEO, Bajaj

Allianz Life Insurance.

## CHALLENGES

**For the industry:** According to experts, the Covid-19 pandemic was also a wake-up call for the insurance industry. "Covid-19 posed several challenges on multiple fronts for the insurance players. But the industry has shown resilience in the past few months. The key learnings was that we must be quick to adopt more technologies to take insurance to the hinterland of the country," said Rakesh Goyal, Director, Probus Insurance, an insurtech broking company.

**For policyholders:** The consumer-centric measures and the coverage for the pandemic-related claims came at a cost for many policyholders. "Increase in claims outgo of non-covid claims as the hospitals charged for PPE kits, sanitation and mandatory covid-19 test. Many insurance companies had to increase their premium rates as a result of this," said Roy. Read more on rising

health insurance premium here [bit.ly/3rqGuk](https://bit.ly/3rqGuk).

"The dynamics of the industry, which was influenced by insurers promoting products through agents or other channels witnessed a significant shift to being

mostly driven by demand from the customers," Roy added.

While 2020 taught insurers to leverage technology and how simple products can become game-changers for the industry, experts believe more measures are needed to further deepen the penetration of insurance in India.

[abhinav.kaul@livemint.com](mailto:abhinav.kaul@livemint.com)

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**Consumer-centric measures and the coverage for pandemic-related claims resulted in price hike for policyholders**