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● **LOOKING BACK, LOOKING AHEAD: GENERAL INSURANCE**

# 'Collaborations, partnerships are the future'

**Existing products should be reinvented and customised. Even new insurance products can be introduced as the needs of customers are becoming dynamic**



Tapan Singhel

**REMEMBER BACK** in December 2020, we were chalking out business strategies for the New Year as well as eagerly looking forward to new beginnings with a lot of hope and anticipation. Although the pandemic was an eye-opener, 2021 has made us resilient to deal with any other severity in terms of unexpected challenges and pushing us to evolve even stronger.

#### Learnings for insurance industry

It's no secret that insurance was predominantly a paper-driven industry that has now reformed to digital practices throughout the entire insurance lifecycle.

Insurance has always been a conversational sale and hence the digital adaption was slower compared to other industries. There's no dichotomy if digital is good, it definitely is but it is about how you have implemented the solutions, how the chain management is executed, and how everyone has to deliver on the usability of digital solutions that is of utmost importance in driving significant change.

Insurance is not an aspirational or flamboyant product that people look forward to purchasing. However, the pandemic has been a positive catalyst in creating the requisite awareness of insurance, especially noticeable in the health insurance space as an important risk mitigation tool. But, insurance still remains underpenetrated. To curb this, products need to be reinvented, customised or new products need to be introduced as the needs of customers are becoming dynamic. Distribution channels have to be robust and digitalised with continuous efforts to make it more sophisticated to essentially increase the economic scale for organisations.

#### 2022: Collaboration is the way

Insurers are the producers of products, underwriting these products and providing fast claim settlements. I feel that there is a scope to provide an end-to-end holistic solution that encompasses not only insurance but takes care of the needs of customers and solving their worries. For this, insurers are collaborating with many non-



ILLUSTRATION: SHYAM KUMAR PRASAD

insurance entities to provide customers with a 360-degree solution.

The future of insurance is going to be based on such collaborations and partnerships, be it with the government, with the regulator, or between insurers, with partners, or insurtech startups—working together to build relevant solutions.

#### Product innovation

Parametric insurance like the pandemic pool which is essentially pooling funds by both the private and public sectors that can help cover the economic losses caused due

to a pandemic-induced lockdown can help since we are still unsure of when this pandemic will end. While customers opt for traditional insurance products, usage-based insurance products will see a positive uptake especially in motor insurance where customers could opt for motor insurance depending on their vehicle usage. There is an increasing interest in smart vehicles in India, hence customisation of motor insurance for such vehicles will also see good demand. Customisation or personalisation of insurance products will be a key differentiator for insurers to remain competitive

in the imminent future.

With products like Corona Kavach, first-time buyers will be interested in purchasing 'Sachet Insurance' products which means affordable insurance covers with low coverage. The Insurance Regulatory and Development Authority of India (Irdai) has introduced guidelines on wellness benefits by insurance companies, hence many insurers will look at providing holistic insurance solutions with wellness benefits including covers for non-medical expenses. The Irdai's sandbox regulations can be taken to the next level by expediting the transition of sandbox products to main scale product offerings thus introducing more innovative products in the market.

Further, health insurance products with unlimited sum insured are available to customers but can slowly be introduced by other insurers as well. With the increase in digital dependency for daily needs, there will be an increased demand for cyber insurance policies by both individuals and corporates.

#### Untapped market potential

Tier 2, Tier 3, and rural India is still an underpenetrated market which only goes to show the huge potential that insurance companies have yet to tap. Many of these regions consist of digital natives who use their mobile devices as their primary means of accessing the internet.

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