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How millennials are forcing insurers to craft policies for them

Buy what is available... No, that's old. Millennials want to buy what they want and companies are trying their best to cater to them. Millennials form 46% of India's workforce and if the needs of almost half of the target group are evolving, products also need to. Being a wind of change and disrupting traditional insurance products as well as the distribution channels, these 'digital natives' aren't enthused by the old and hackneyed ways of selling.

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Living the moment and prioritising self and experiences, earning enough to be able to travel and see the world, millennials are modifying their life goals and changing the framework set by their parents. They are often poked fun at for being selfie-obsessed or having reduced all banter to LOL, but this generation has changed how industries operate.

But why are industries transforming themselves for Generation Y?

"Millennials are the new-age customers for the insurance industry. They understand the need for insurance and have an outlook of 'Earn more, spend more'. Hence for millennials, insurance will always be a part of their financial planning considering their higher risk-taking disposition," said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

Millennials have forced the insurance industry to rethink its approach as well as its products. They have them marathoning and twisting their strategies to experiment and innovate so that this section of the customers validates them.

"Millennials prefer short-term investment plans that enable them to live their dreams such as travelling and seeing the world," said Karthik Raman, Chief Marketing Officer and Head - Products, Ageas Federal Life Insurance.



They don't just want hollow promises but products that respect their decision of saving time and efforts when that is a clear possibility.

Insurers crafting policies for millennials

Millennials form about 46% of India's workforce and if the needs of almost half of the target group are evolving, products also have to. Being a wind of change and disrupting traditional insurance products as well as the distribution channels, these 'digital natives' aren't enthused by the old and hackneyed ways of selling. The insurance industry will have to adapt and evolve to fit comfortably in the millennial worldview.

"Millennials will be the next set of policyholders in the years to follow and hence product requirements will be designed suiting their needs. Digitalization is the way forward to attract this new segment of customers who understand the need, product offerings, and ease of transaction," said TA Ramalingam of Bajaj Allianz General Insurance.

HDFC Ergo's recent survey states that in 2019 only 37% in the late 20s and early 30s age group had a health plan, but now 60% want a comprehensive one.

Changing consumer behaviour

The Covid pandemic has brought an increased number of millennials under the health insurance umbrella. With high hospital bills and rising financial drain, millennials have increased their safety net of term policies from just Rs 15-20 lakh to Rs 50 lakh in the last five years, according to Policybazaar data.



"Younger millennials have shown a stronger growth compared to their older counterparts over the last five years. In line with their increased need for protection, term insurance has shown higher traction," said Vishal Subharwal, Head - Marketing, Digital Business & E-commerce, HDFC Life.

With the pandemic driving home the need for a safety net, they are now prioritising a bigger coverage for themselves and their families.

“The pandemic has raised the keenness of this segment to purchase insurance, especially in health and property insurance.” TA Ramalingam of Bajaj Allianz General Insurance told ETBFSI.

Millennials' slice of data for insurers

The millennial generation wears a Fitbit to track calories burnt, shares personal details in trade-off with convenience and speed. So they are willing to share their data with insurance companies to get customised products and personalised advice. For them, it's a give and take relationship, they are willing to share data with companies providing better deals and experience.

“Since millennials do not like longer commitments, we have designed our products with shorter premium paying term options as well as shorter investment horizons. We also see that many millennials are still dependent on their parents or mentors for financial advice, hence, they tend to prefer simple products with easy-to-understand features,” said Karthik Raman of Ageas Federal Life Insurance.

Insurance companies are leveraging the willingness of millennials to share their data to create better financial products that are relevant to them. Making products more accessible and easy to comprehend will boost demand. Providing features like booking doctor's appointments online or delivering policies and claim renewals right into their inbox, solutions can be furnished to them via tech, thus driving higher engagement.



“Data has been an enabler in that space for marketing, underwriting & risk management. One of the key findings is that millennials are looking for increased transparency and simplification from brands in the life insurance category,” said Vishal Subharwal of HDFC Life.

Insurers changing distribution channels for millennials

Millennials or Gen Y are all about speed, hence insurers are redesigning their UI and UX to serve the generation better even though insurance was always a push product or a product where human touch was needed.

"We have multichannel distribution - both traditional as well as non-traditional channels, which ensures that we can connect with millennials via the channels that they prefer the most." Vishal Subharwal told ETBFSI.

Having greater visibility on the web and facilitating a seamless experience on the app isn't just in the to-do list of e-retailers or tech companies anymore but each industry that wants to continue existing in the changing market needs to up its social and digital game.

However, a report by Accenture brings to light how a human touch is imperative to sell insurance products. About 49% of respondents to the survey placed their trust in a human advisor while making a claim. Thus, strengthening the insurance industry digitally and making the agents aware of different digital tools will stimulate demand as well as consumers' trust.

Insuring the future with InsurTech

The 2021 S&P Global Market Intelligence data reported India to be the second-largest insurance-technology market in Asia-Pacific. With a huge market, insurance companies are capturing customers with the aid of technology. With an API revolution, insurance bundles are being created and sold via POS machines by health companies and health-related features are offered by insurance companies; different businesses are interconnecting their services to reach a wider set of consumers.



Many InsurTech companies have started accepting digital payments and not just cheques. They have introduced faster claim disbursals and better identification of fraudulent claims. Technology is changing the way we look at insurance.