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Digitised selling, servicing of insurance get a fillip amid pandemic

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The pandemic and the subsequent lockdown have given the much-needed push to Indian insurers to completely digitise the process of selling and servicing customers. The traditional channels of distribution for insurers, that got disrupted due to the lockdown, have been revamped to include more digital tools for acquiring, retaining and servicing clients.

Insurers have made a leap from manual paper-bound process to end-to-end paper-less or digital-based selling through all the channels of distribution. Insurers distribution channels include agency's force, the bancassurance partners, online channel and brokers. Agency and bancassurance bring the lions share of business to the insurers while the online channel has been picking up off late. Owing to the pandemic, consumers are visiting the websites of insurers more and are also increasingly buying insurance from web aggregators. Despite the online channel seeing huge traction, it still contributes only about 10 per cent of the overall business for insurers.

Most companies had invested in their digital assets prior to the lockdown and it is paying off for many of them. However, insurers are also cognizant of the fact that not all policyholders will be able to adopt such digital means so

quickly. Hence, they are prepared to handhold for such consumers.

Gradually as the lockdown is being lifted, insurers said they will stick to digital-based selling and not go back completely to earlier methods used for sale. Insurers mostly used to engage digitally with their online customers but now they are also interacting with their offline customers digitally so that the reliance on travel can be minimised for agents and customers can be on-boarded easily.

"Both on the services and sales side, we had created a bunch of digital assets that were ready even before the lockdown. On the services side, we replaced the call centres with artificial intelligence (AI)-enabled bots and 70 per cent of our servicing is hence done through the bots. From a sales standpoint, we save our agents tabs where all the features were enabled and they can do an end-to-end fulfilment. All the policies we issued were 100 per cent paperless, and fully digital," said Sourabh Chatterjee, president, Bajaj Allianz General Insurance.

The company has issued 3 million policies digitally during the lockdown period and serviced 1.5 million claims online. "We will continue with the same set of processes and not go back to paper. On the number of policies basis, around 15 per cent of business comes from online channels, which include web aggregators and websites. But from

GOING DIGITAL

- Insurers adopt digital tools to acquire, retain and service customers through all distribution channels
- Insurers are moving to paper-less sales model
- Online channel sees a pickup during the lockdown
- Insurers to stick to digital selling model even after the lockdown

• The challenge will be to mimic human processes through technology to make it easier for buyers



a digital standpoint, around 95 per cent of the business is done digitally," Chatterjee added.

V Viswanand, deputy managing director (MD), Max Life Insurance, said, "Prior to the pandemic, nearly 90 per cent of our sales happened face to face and 10 per cent happened digitally through the website or through web aggregators. Now, we have developed practices that are completely paper less. So, we have a frictionless sales process. We have also incorporated a virtual

sales office and recruited the same number of agents as last year, which also happened digitally.

RM Vishakha, MD & chief executive officer (CEO) India First Life Insurance, said, "We were completely digital and had also enabled device agnostic issuance of policies through web for distributors almost a year back. That really helped us to transition business during the lockdown also. We have seen increased traction on the website and are seeing more organic traffic

onto the website."

Insurers such as ICICI Prudential have adopted higher levels of digitalisation across channels by opening up multiple digital avenues for renewal of premium payment and multiple channels for digital claim intimation. HDFC Life has accelerated digital selling through all its distribution channels, including agency, bancassurance, online and brokers. SBI Life, on the other hand, has created new processes for concluding new sales remotely by modifying the mobile application. Similarly, ICICI Lombard has enabled its channel partners to digitally acquire, retain and service customers.

The business model of insurers is expected to change due to the pandemic, said a report by PwC on the impact of coronavirus (Covid-19) on insurance. Customers will become more distant and move to other methods such as company websites, web aggregator comparisons, and online broker sites with tele advice or distant advice from the agents. They will go through an analysis of their needs through a shared app, the report added.

Direct sales for ICICI Prudential constitute 12.6 per cent, while it was 10 per cent for Max Life, Bajaj Allianz. General had 15 per cent business coming in through the online channel. The online channel for life companies is seeing an increased demand for pure protection products while the non-life

insurers have seen increased engagement and enquiries by customers for health insurance during these uncertain times. However, despite the huge digital push, the main challenge for the insurers will be to mimic human processes through technology so that the trust on both consultative processes and transparent information can be easily digested by buyers.

Sanjay Datta, chief—underwriting & claims—ICICI Lombard, said, "The idea is not to be short term. Earlier, the digital facilities were available but consumers were not using them but now more and consumers have started using it. Our aim is to increase the use of digital facilities as we go forward."

"Digital is the preferred mode. We will not go back to what it was earlier. However, we will also not ignore the traditional modes," said the chief executive of private non-life insurer. Insurers, both life and general, have seen a dent in their business during the lockdown, with life companies reporting a 30 per cent decline in new business premiums and non-life companies seeing a decline of 10 per cent in premiums in April and May.

For non-life insurers, experts expect a recovery in Q2 or Q3. As far as life insurers are concerned, it is expected that the present situation will be an inflection point and the demand for pure term covers will improve.