

[4 steps to ensure more Indians buy insurance policies](#)

On this insurance awareness day, the time has come to focus on the untapped, under-served semi-urban and rural markets of the country

TAPAN SINGHEL | JUNE 28, 2021 / 09:31 AM IST



Insurance coverage has been concentrated predominantly in urban India. There is a huge untapped insurance market in rural areas. There lies a humongous protection gap in semi-urban and rural India, even for essential covers such as health, motor and home insurance. Urban India, too, has a wide protection gap, but it is getting bridged rapidly with greater awareness and wide distribution. It's time to look across the vast expanse of the country towards untapped and uninsured markets.

On this insurance awareness day, the time has come to focus on the untapped, under-served markets in the country, i.e., the semi-urban or rural areas, or Bharat as we call it. This market offers unprecedented opportunities, and as the urban area is gradually getting saturated, insurers have to foray into the unexplored territories. As rural India is witnessing a substantial rise in purchasing power, we can see a shift in the business strategies of organisations that are now giving equal if not more attention to the heartland of the country.

Bank on business correspondents for better reach

We need to understand what business models will work in these markets. One model which has huge potential is the banking correspondent mode. Financial inclusion has been the core of various government initiatives. To propel efforts in this direction, RBI has launched a

business correspondent model. Now, one person will reach out right up to the village level, acting as a one-stop-shop for all financial needs. I think this is an excellent model to distribute general insurance. As per Nielsen's report, rural markets had 11 times higher growth in packaged staple consumptions than metros. The same report states that some two-thirds of the rural consumers are looking for products that can make their life easier or improve it. This is the reason why banking correspondents are reaching out to them for savings and investment management. Insurance, too, can be proposed here to safeguard the assets built over the years.

POS model for deeper penetration, easier access

The business correspondent is an extension of the POS model, which was launched by the insurance regulator with the motive of selling simplified products to end consumers present in these markets. Point of sales very simply means any point where sale can take place. A corner local store or a mom-and-pop shop can be an excellent avenue to sell insurance since they attract local customers for their daily needs. The benefits of the model are multi-fold, as they offer an opportunity for the local merchant to earn more revenue, the customers will become aware about different insurance products and insurers too will be able to cover new markets. POS has become a highly evolving and robust channel today.

Public-private partnerships through Ayushman Bharat

Another important element is the collaboration between the government and insurers in the form of various government insurance schemes, which are a combination of Centre and state-run schemes. The most remarkable ones are Ayushman Bharat or the PMJAY – Pradhan Mantri Jan Arogya Yojana. The intention is to cover every citizen of India under the ambit of health insurance. There was a clear need to extend health protection to as many people as possible and the Government took the right steps in that direction. Most of the States have accepted it. They have either gone through the insurance company model or a trust model. Either way, citizens are getting covered, which is welcome in these pandemic times.

Digital is the way forward

We need to understand that rural India is a mobile-first market. Rural Indians have not traversed from desktop to laptop to tablets to feature phones to smartphones, like urban customers. They have directly migrated to a smartphone as the digital interface of choice, in fact as a necessity! These ubiquitous smartphones are changing the rural landscape in unprecedented ways. They have brought an influx of information and immense new prospects. New job opportunities have opened up for them, thus increasing their purchasing power. The market already exists, but we require the correct combination of digitisation and inter-personal conversations to build awareness about insurance in these locations.

Many organizations are already using virtual distribution channels by running 'phygital' offices, catering to customers in multiple locations. This is just the tip of the iceberg and is going to pave a long path in protecting the citizens of our country, especially in villages that are in the crosshairs of every insurer in the industry. Let's not undermine pure digital-online sales! Though the sales are still low in terms of total contribution to business, it is growing at

a rapid pace. There is no reason why the same trend cannot follow in the rural market, provided there are simplified products and proper service avenues available for customers.

Insurance can take away some financial burden from the citizens of the country in times of need and calamity.



TAPAN SINGHEL is MD & CEO, Bajaj Allianz General Insurance
