

Bite-size insurance products whet customer appetite

Companies designing targeted policies at premiums starting as low as ₹200

SURABHI

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Amidst muted sales and low penetration, insurance companies are taking a leaf out of the FMCG playbook and introducing sachet-size products at low premiums to get more people to purchase cover.

The popularity of low-premium Corona Kavach and Corona Rakshak against Covid-19 has given a boost to sachet-size insurance products.

Comprehensive cover

Companies are successfully selling cover for range of issues – from vector borne diseases such as dengue and malaria, credit card



The popularity of Corona Kavach and Corona Rakshak has also given another boost to sachet-sized insurance products.

protection, flight delay, personal accident from participating in a sport, at the gym and even from firecrackers, emergency hospital cash, to cyber security plans – at premiums as low as ₹200.

Compared to a comprehensive insurance cover,

these policies are typically for a specific requirement and condition and, therefore, the cover is lower.

“The concept of sachet started when we realised customers may not be very happy paying a ₹5,000 premium and we discussed whether we can break it

into smaller fragments and create customised products for ₹500 or ₹1,000,” said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance, adding that the small ticket size of such products make them very affordable.

Bajaj Allianz GI offers sachet insurance such as personal accident policies against an injury from a firecracker, while travelling in a local train, policy for vector borne diseases and also a group cover that covers financial losses like email phishing and spoofing.

Appetiser for more

Mayank Bathwal, CEO, Aditya Birla Health Insurance, said such bite-size insurance products have seen good pick up across platforms. “Sometimes it’s good to give customers a small offering so that they just experience the

product... they will hopefully come and buy a bigger product,” he noted.

Rakesh Goyal, Director, Probus Insurance, said that while a few companies are trying to sell such sachet products, many insurtech and e-commerce companies are taking this up in a big way. “If India needs to improve insurance penetration, there is a need to push such small-size products,” he said.

Companies such as PhonePe, Flipkart and Paytm also offer small-size insurance products.

The industry is still at a nascent stage and renewals and distribution are a challenge for such products and, often, customers are not even aware that such policies exist.

Insurers also point out that distribution channels and agents may not be very keen on pushing such products given the low premium.