

In a bid to increase renewal rates, general insurance companies are focusing on the online distribution channel

Online buyers more likely to renew covers

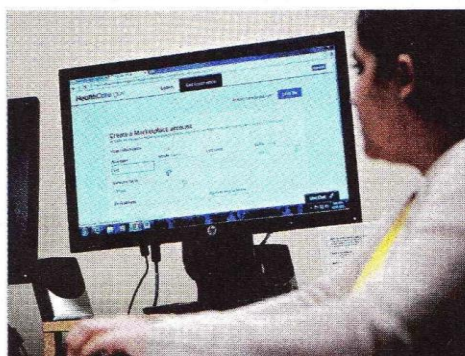
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Mumbai: Internet and mobile platform, which has contributed only 1% of the total health insurance business, is rising up the priority chart for general insurance companies. The digital thrust isn't the outcome of reducing the commission costs or business expenses, but an effort to get long-term customers. Insurance companies have found that customers who purchase health and motor insurance online remain loyal through following policy years.

The insurers sold only 1.73 lakh health insurance policies through online during 2013-14, but experts said this figure is likely to see a steep rise going by the experience of general insurance companies. "Today, about 4% of retail health policies are sold online, vis-à-vis 2% policies about a year back," says Yashish Dahiya, CEO & co-founder, Policybazaar.com.

"People are realising that purchasing insurance online allows them to choose products that are better suited to their needs and buy them at better prices as online research is easier. Therefore, reaching a decision is simpler," reasons Pankaj Oberoi, chief distribution officer, Bharti AXA General Insurance.

The digital fever is spreading to various verticals of insurance rapidly. T A Ramalingam, chief distribution officer, Bajaj Allianz General



Customers who purchase health and motor insurance online remain loyal through following policy years. The renewal rates are an indication of not just the pre-purchase convenience, but even post-purchase tracking. The industry is alluring renewals through various measures

Insurance, says online purchases were predominantly dominated by motor insurance policies earlier. "However, over the past two years we have seen that consumers are looking at purchasing health & personal accident policies online," he adds.

Though Bajaj Allianz General hasn't seen significant difference in renewals rates for health insurance among online buyers, the company says, "Customers who buy two-wheeler insurance online are more likely to renew policies in the following year since it is faster and cheaper."

Sanjay Datta, chief, underwriting and claims, ICICI Lombard General Insurance, "Those buying our products online are more evolved and long-term oriented. Even in terms of retention, 35% more customers buying health insurance online renew their policy in the second year com-

pared to offline customers."

Data sourced by Policybazaar.com indicates, policies sold online are continued by more than 60% of consumers in the 61st month, as against policies sold offline which are continued by less than 30% of consumers.

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But why are renewals so important? Renewal of health and motor insurance with the same company is beneficial for the customers too as the initial waiting period of 90 days isn't applicable for subsequent policies under renewal.

But why do customers choose one insurer above other? A survey of 3,007 people across 18 cities by Google India and ICICI Lombard General Insurance indicates that Brand (not pricing) is the top-most factor influencing

online insurance purchase for 88% of the respondents.

The industry is alluring renewals through various measures. Discounts are being offered for direct purchase through company's website, by Cigna TTK. Companies such as Bharti AXA General Insurance are even encouraging renewals. Max Bupa is getting a mobile app ready for launch this year to strengthen the reach of its three-step renewal process.

But, these measures alone won't be enough. "People tend to discontinue or terminate their policy if it fails to meet their requirement and expectations. Renewal rates are bound to improve and increase if consumers take time out to read through the policy document and make full disclosures at the time of policy issuance," says Dahiya.