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BUSINESS STANDARD WEBINAR ON DE-RISKING THE RISK BUSINESS

'The digital road too has potholes'

PRASUN SARKAR
HEAD ACTUARIAL, ICICI LOMBARD GENERAL INSURANCE

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DIPAK NAIR
CHIEF TECHNOLOGY OFFICER, TATA AIG GENERAL INSURANCE

"The need for instant gratification has gone up. Technology will empower actuarial teams"

ANURAG RASTOGI
CHIEF ACTUARY AND CHIEF UNDERWRITING OFFICER, HDFC ERGO GENERAL INSURANCE

"Actuarial models are getting to be digital; and the amount of data that's flowing in is huger"

GAURAV MALHOTRA,
APPOINTED ACTUARY, BAJAJ ALLIANZ GENERAL INSURANCE

"Our systems have not been created for this kind of load. We are in the process of updating it"

SHARAD BAJLA
SENIOR ADVISOR, ACTUARIAL TRANSFORMATION, SAS APAC

"The newer players are more nimble. But it has also been noticed that there are multiple systems – both legacy and new – within the same entity"

RAGHU MOHAN
New Delhi, 11 May

Anurag Rastogi would like to think of actuaries as crystal-ball gazers. "Actuarial models are getting to be digital; and the amount of data that's flowing in is huge," said the chief actuary and chief underwriting officer at HDFC ERGO General Insurance. It's making sense of the data which is critical – or you might end up eating shattered glass.

"Insurance continues to be a push product. That's because there is no central data base. The challenge is in creating micro-segments", he added. It's his way of putting it across that rather than hawk one-size-fits-all products to customers, bespoke will be the way to go. And we are some time away from tailoring it."

He was part of a panel discussion at *Business Standard*'s webinar, organised with SaS, on "The digital shift: Transformation of actuaries". Others on the panel were Prasun Sarkar, head actuarial at ICICI Lombard General Insurance; Dipak Nair, chief technology officer at Tata AIG General Insurance; Gaurav Malhotra, appointed actuary at Bajaj Allianz General Insurance; and Sharad Bajla, senior advisor, actuarial transformation at SAS APAC. The discussion was moderated by Tamal Bandyopadhyay, consulting editor of *Business Standard*.

A key aspect that came through was "information overload", though it was not articulated as such. For instance, the European Commission has it that the volume of data produced in the world is expected to 175 zettabytes by 2025 -- it was 33 zettabytes three years ago. The European Insurance and Occupational Pensions Authority, in its report on "Big Data Analytics in motor and health insurance", said there was a strong trend towards increasingly data-driven business models throughout the insurance value chain. Traditional data sources such as demographic data or exposure data are increasingly combined with new sources such as online or telematics-data, providing greater granularity and frequency of information about consumers' characteristics, behaviour, and lifestyles. And an extended use of data sourced from third-party data vendors.

Sarkar spoke "on profiling car-owners" and "mapping accidents during the lockdown using technology"; and "massaging data from multiple sources so as to enable sub-segmenting". He said: "There are several stages to the actuarial estimation process from data extraction to its validation. In the initial stages of this process, there are a lot of repetitive tasks. Towards the end of it there is a lot of human intervention." According to Sarkar, with repetitive tasks getting removed, "we are getting more granular insights which we can share with the management."

Nair was of the view with the world going increasing digital "even at the kindergarten level ... and the need for instant gratification has gone up. What technology does is that it empowers actuarial teams". He pointed out HDFC ERGO had set up a data office and a data sciences unit.

"While the former looks after financials, the latter is into underwriting and products. And both are integrated."

Malhotra observed that "pricing (of insurance products) had become complex because the number of variables had gone up". Motor-insurance is an example of this. He was of the view that it was possible to weave in the behavioural into designing policies. Another aspect is that while insurance firms like the one he works for are only two decades old, "our systems have not been created for this kind of load. We are in the process of updating it". Highlighting the use of technology in a departure from manual surveyors, Malhotra mentioned "drones being used for crop insurance and photogrammetry for motor insurance claims".

Are new-age insurers better placed than legacy players when it comes to technology? Noted Bajla: "A few of the newer players are nimbler. But it has also been noticed that in many cases, there are multiple systems —both legacy and new —within the same entity." He was candid that going forward insurers could not play on pricing alone. "Product differentiation will be the key."

And that's easier said than done. A slip-up: and crystal-ball gazers may end up eating shards of glass.