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**GUEST COLUMN**

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## Paradigm shift in GenNext insurance

Insurance has been rapidly evolving as per the changing needs, and "one-size-fits-all" products are long gone. Today's generation is looking for products which are customised, and are available with just a click of a button. I feel this is where the industry is headed, wherein with the help of technology we bring simplified processes.

Millennials look for instant gratification from the products and services they opt for. Hence, traditional long-term products don't appeal to them much. This attitude of millennials can be proved by the trend we saw for the Corona Kavach policy. While the existing health indemnity policies cover Covid-19 hospitalisation expenses, you will be surprised to know that people belonging to the age bracket between 25-45 years opted for Corona Kavach the most. Also, most of them were first-time health insurance buyers. This clearly shows that relevant coverage coupled with affordability drives good traction among the GenNext. Some insurers have taken cognisance of this attitude and have been working towards small-ticket size products whose benefits can be realised immediately.



**"Customers are looking at a pick-and-choose model of insurance, where they can choose the coverage they need. Modularity will soon allow them to design their own product"**

In addition to this, the emergence of e-commerce has played a crucial role in driving introduction and acceptance of "sachet-products". This platform has allowed insurers to

tap customers at the right point with the right product when they are making a purchase. For instance, mobile insurance is offered when a person is buying a smartphone; cyber insurance is prompted while buying digital devices, etc. We are also seeing e-commerce players in association with insurers foraying into traditional insurance products like motor insurance specific to the needs of their customers. I believe this trend will drive innovation in product offerings, wherein current products will be divided into various pieces and these pieces will be offered as separate offerings as per the needs of customers.

The Insurance Regulatory and Development Authority of India (Irdai) has also been encouraging innovation in the general insurance space to drive demand and make it an attractive proposition for GenNext. The regulatory sandbox has allowed insurers to experiment with ideas and gauge their acceptance in the market.

For instance, pay-as-you-consume under motor insurance allows insurers to charge premium as per kilometres covered by the insured, or the period of time they intend to drive the vehicle. Insurers are also experimenting with wearables to incentivise premiums under health insurance. The regulator has recently allowed insurers to incorporate wellness and preventive features under health insurance. Through this, insurers will be able to reward customers in various ways, like discounted outpatient consultations or treatments, pharmaceuticals, health check-ups and diagnostics, redeemable vouchers for health supplements and also membership in fitness centres and sports clubs. This, I believe, will certainly attract GenNext to opt for health insurance and encourage them to lead a healthy lifestyle.

Customers today are increasingly looking at a pick-and-choose model under insurance, wherein they can choose the kind of coverage they need under a particular product. With this, I feel we will soon see modularity being introduced in many insurance products, allowing customers the liberty of picking the kind of coverage they need and designing their own product—thus building a sense of trust among them, where they know what is covered under their policy.

The areas to innovate are many. However, I believe it makes sense to innovate only if there is a need and whether your product offers value to the customers. It's important to be customer-focussed while innovating rather than product-focussed, which will go a long way in making a difference in the sector.

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