

Bima Sugam to make insurance cheaper

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The recently approved one-stop 'Bima Sugam' platform is expected to increase penetration by making insurance cheaper and more accessible. It is also seen helping insurers and IRDAI track integrated data to understand trends in coverage, customer needs and product requirements to increase insurance penetration.

"The idea is to basically get all the players in the ecosystem on one platform, including insurance repositories, companies, intermediaries, customers and broker associations, so that everything can be done in real time by integrating the ecosystem on one technology platform," said Vighnesh Shahane, MD and CEO of Ageas Federal Life Insurance.

The platform could, however, play a dampener to private insurance aggregators who may be forced to rethink their business model, industry participants said.

"In the shape and form that Bima Sugam has been proposed today, it may impact the private insurance aggregators because the marketplace is planned to play the same role that an aggregator typically plays," said Atri Chakraborty COO at IndiaFirst Life Insurance.

Conceived as an insurance marketplace for comparing, selling and servicing for insurance policies across life, general and health insurance without any tedious paperwork, the platform will also enable saving of insurance policies in a demat format enabling easier renewals and



FLIPSIDE. The platform could be a dampener for private insurance aggregators

claims management. It will make policies cheaper because there will be no distributor commission and the regulator is very clear that this benefit should be passed on to customers, industry players said, adding that policyholders will also be able to port their agent or policy.

STANDARDISATION

"The lack of standardisation is what Bima Sugam addresses the most. This will be very helpful in making insurance buying online easier and simpler, thus bringing in more transparency and help reduce instances of mis-selling and fraud risk," said Susheel Tejuja, Founder and MD of PolicyBoss.com.

Enhanced customer convenience is seen boosting direct policy sales, thereby reducing distribution costs for all stakeholders.

"Over a period of time the visibility, ease of availing insurance and adoption is expected to push direct policies especially the standard OTC products," said TM Shyamsunder, COO of Royal Sundaram General Insurance.

PRIVATE AGGREGATORS

The immediate threat to private web aggregators

business is seen from the fact that a section of customers may start buying insurance directly whereas others may prefer and trust a regulator-backed platform over private players due to issues such as data privacy.

Private platforms tend to be biased due to their profitability goals.

However, a regulator-supervised platform will provide unbiased comparisons to customers and leads to service providers, said Anil Kumar Aggarwal, MD and CEO of Shriram General Insurance.

Most industry players expect atleast a short-term hit on the business of private aggregators, especially in straightline products at the lower end of the spectrum such as term products, motor and health covers, which could in turn see more direct sales.

MORE FLEXIBILITY

Others though believe that private aggregators have the 'first mover advantage' and have built customer-friendly

and seamless on-boarding models—something which regular users might not want to give up.

Further, with IRDAI proposing more flexibility and insurtech solutions, aggregators may be nudged to look at more unique offerings and services to create a distinct value proposition for their customers, according to industry participants.

Even today, aggregators go beyond pure online intermediation and are involved in physical intervention with prospective customers, which may not be true under Bima Sugam at this stage, said Ramandeep Singh Sahni, CFO of Bajaj Allianz General Insurance.