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[What can be done to increase penetration of Insurance in Rural India/Bharat?](#)

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Insurance is one of the least appreciated financial tools as people realize its importance (to some extent) only when things go wrong. Call it lack of awareness, 'nothing will happen to me' attitude, no return on investment unless there's a claim in general insurance or lack of trust on insurers. It surprises me that, a tool which can help you rebuild your home in case of damage, supports you during a medical exigency, covers you against emerging risks and almost all facets of your life contributes less than 1% to our country's GDP.

I firmly believe that insurance can go a long way in uplifting both our economy and society, if we work towards increasing its penetration by targeting our efforts in the right direction. While the urban population is largely aware about it, close to 70% of the population that resides in rural areas or 'Bharat' as we call it, is oblivious to the benefits of insurance. It's by focusing on this segment that we can truly make a difference and insure a larger population. I say this not because of the sheer volume, but also due to the potential this market holds.

For instance, as per recent data from Kantar Worldpanel's FMCG data (June 2020-May 2021), rural India saw volume growth of 4.4% as against 3.3% growth in urban and value growth of 11.6% as against 10.2% in urban markets. During the pandemic, while major cities were largely impacted we saw green shoots from the rural parts of the country backing the economy. In order to tap this market, the industry not only needs to work towards increasing awareness about insurance, but also customize its approach which caters to the needs of Bharat.

Distribution: Insurance is usually sold and seldom bought. When I say it's sold, it means having relevant conversation with the customer, educating him/her about its benefits and how it addresses their needs. While most insurers are shifting to digital tools, moving towards self-service model, when it comes to the rural India it's important to build connect with the right combination of distribution model. PoSP is one such model which should be extensively leveraged. Local connect of the neighborhood grocery store or cellphone repair shop who's your PoSP can help increase reach and enables sale of relevant insurance products at the point of sale.

It's not always possible to have physical presence for an insurer in remote corners of the country. In such a scenario, insurers can hire one person who has a know-how about not only

insurance, but also the financial needs of the people in locality to serve the customers end to end with the help of digital devices. Additionally, insurers need to closely work with their bank partners and leverage their network to serve customers in rural areas. Till we reach every village of this country, I don't think we have done justice in setting up an efficient distribution mechanism to service the last mile.

Products: While distribution is the means to reach the customer, relevant product is the fuel that empowers your distribution. I firmly believe that customizing insurance products as per customer's needs increases the chances of customer buying one. So as to tap the rural market, we need to innovate by introducing products in package form relevant to Bharat. We can also introduce products in sachet format to cater to their specific needs with affordable premium. While crop insurance, cattle insurance, etc. are largely prevalent, understanding the requirement of Bharat even further and accordingly designing products will certainly help in bringing this segment under the ambit of insurance. Simplicity of products and wordings thereof will be the key, standardization here with regulator's intervention will definitely help demystify insurance for rural customers.

Technology: Leveraging technology in the right way can act as an enabler to enhance the reach of insurance. As I mentioned earlier, insurers can equip their distributors with appropriate digital devices and platforms to serve the customers end-to-end, right from issuing the policy to settling claim. Instant resolution of their queries and needs can help build trust in the industry. Unlike urban India which went through the entire digital evolution, rural India is mobile first with increase in usage of internet and penetration of smartphones in the country. According to a recent report by IAMAI-Kantar Cube report, digital adoption continues to be propelled by rural India clocking a 13% growth to 299 million internet users in 2020 compared to the previous year. Hence, insurers can build their interfaces in vernacular languages, leverage voice and video formats to connect with rural India and accordingly address their needs.

IRDAI too has introduced a concept of 'Model Insured Village' in the form of discussion paper to increase general insurance penetration in rural areas with special focus on agriculture and allied activities. It talks about how insurers can set up MIVs in select villages by covering the entire populations and their properties, farms, machineries, vehicles, etc.

Insurers need to show long term commitment to insure the uninsured rural areas of the country. There are gaps we need to bridge, approaches to be transformed and products to be redesigned to serve this unserved segment. It may take some time, but I'm sure we'll certainly get there which will lead to the growth of our economy and society at large.