

# Digital: The Next Frontier for Customer-Centric Insurer



The Indian insurance industry is on the verge of a transformational evolution and we cannot even imagine a scenario where there is no insurance in today's modern economy. India's life insurance sector is largest in the world with about 360 million policies. The country's insurance market is expected to quadruple in size over the next 10 years from its current size of US\$ 60 billion. Yet, the irony is that access to insurance is still a luxury for many in the country. Insurance, especially non-life, is still a long way away from being embedded in the Indian mind-set, as a basic need for unforeseen future circumstances. India is 2nd in terms of population, 3rd largest economy in terms of GDP PPP, but 12th in terms of total insurance premium. The second most populated country in the world ranks at dismal 41st in insurance penetration and 76th in density, providing good growth prospects. This evidently calls for necessary steps to create a favorable environment with regards to more awareness on insurance products, better distribution strategies, technological innovations, and enhanced customer service so to meet consumer expectations.

The industry currently is witnessing a slow but certain progress and the two key forces driving this are connected technologies and data analytics. Today, insurance companies worldwide are increasingly creating value by using digital tools and technology in a number of innovative ways to reap the benefits of the digital era. Mobile apps, especially, are being leveraged extensively by insurers across business lines to help customers better manage their health, lifestyle or property, thus creating a win-win situation by enhancing customer experience as well as lowering claims costs. Moreover, customer expectations have been shaped by their digital experiences thus the digital bar is high & rising. Insurance companies need to understand how to target their products to the digital natives. The digital infrastructure is likely to help companies for micro segmenting the customers. Various initiatives like Digital India, JAM trinity (JAN DHAN, AADHAR and Mobile) along with financial inclusion are structurally changing the way businesses in financial space are operating in India. With technology, almost every insurance process can be digitized - right from product development to claim settlement. The ability of companies to access and reach people through various digital modes is likely to have significant impact on the companies. Usage of digital platform and increasing use of "Straight through processing" is certainly going to help companies tap such immense opportunities.

Also, the success of every insurer will be dependent upon reaching and delighting the largest and technologically savvy generation in history – the Millennials. By 2021, India is



**It is ironic that it took much time but digital revolution has brought customer back to the focus. Portals that provide easy access and help compare products are fast becoming the second biggest distribution channel. We are also using statistical models to predict which customer will buy a certain product and they 82% accurate. Predictive analysis is helping us determine the behaviour of agents to understand during recruitment as to who will stay with us for a longer time.**

**Mr. B Venugopal,**  
Managing Director,  
Life Insurance Corporation of India

set to be the youngest country with 64% of the Indian population in the age bracket of 20-35. What is unique here is that Millennials as a group are a lot different from the older generations in terms of their earning potential, preferences and expectations. Insurance companies need to improve on the personalization of their core offerings, since millennials want products that support their lifestyles.

To highlight the current trends, opportunities & challenges in the insurance industry and understand its impact, Dun & Bradstreet in association with New India Assurance organized the 4th edition of the Insurance Summit recently



**Digital transformation is reshaping the insurance industry, as it is doing for many others. Innovations in customer experience and business operations is posing newer challenges as well as presenting newer opportunities to the Insurance Companies. Those companies that evolve fast enough to keep up with these changing demands, will become market leaders while the laggards will fall further behind, no matter how much of a behemoth they have been traditionally. To succeed in this new landscape, insurance companies need to take a structured approach to their overall digital strategy, capabilities, culture, talent and most importantly the ever changing demands of their customers.**

**Ms. Mohua Sengupta,**  
EVP & Global Head of Services,  
3i – Infotech



(L to R): Mr. B Venugopal, Managing Director, Life Insurance Corporation of India; Mr. Manish Sinha, Managing Director – India, Dun & Bradstreet; Mr. K Sanath Kumar, Chairman cum Managing Director, National Insurance Co. Ltd.

in Mumbai. The central theme of the event was 'Transforming the Insurance Industry in Today's Digital Age & Evolving Customer Dynamics'. Thought-leaders and captains



**The Indian general insurance industry is in the growth phase. the CAGR was 17% in the last 5 years. Last year the record growth was 32%. What is needed are simple insurance policies and simple processes to make Insurance something which people are not afraid of. Clearly these is a need and opportunity to play digital. Insurance sector has to catch up on digital since the potential is enormous**

**Mr. G. Srinivasan,**  
Chairman cum Managing Director,  
The New India Assurance Co. Ltd.

from the insurance industry came together for the initiative to discuss the evolving landscape, understand the power of data analytics, proposed solutions to meet the expectations of today's customers and deliberated on the road ahead for the insurance companies.

Delivering the Opening Address, Mr. Manish Sinha, Managing Director - India, Dun & Bradstreet, set the tone for the event when he spoke about the largest consumers of insurance- the millennials. Quoting a report by Resolution Foundation of the UK, Mr. Sinha pointed out that Millennials are the first such generation in 140 years who will earn lesser than their previous generation. They are also unhealthier due to higher incidence of obesity, diabetes and lowering life expectancy. They will also lead lives which will be much more uncertain and all three aspects shall contribute to increase in insurance spends. However, servicing them will require insurance companies to adopt unique measures, where data analytics and big data can play a role. "Earlier, analysts would collect data samples to study the market looking for correlations. Big data has made it possible for companies to not rely on samples

At the same time, companies are seeking insurance against cyber risks. Insurance sector in India will be a completely different market in the next two years," he stated. Adding further he said "India is currently growing at 7 – 7.5% and various reforms including the recent GST bill is creating the growth momentum thereby leaving a positive impact on the insurance industry, specifically non-life. This is because the general insurance sector is closely linked to economic growth. If the economy does well then the traditional area of non-life insurance industry will simultaneously grow thereby bringing more investments, more income & contribute to the progress of retail section. Growth in per capita income has been very high in the last 5-7 years.

Though India is much lower than global level, we are much better than what we were 10 years back since the income levels today are much higher, so people have disposable income to think about insurance. Also, what is happening in India in the last few years is the repeated natural catastrophe of events affecting all the parts of the country. So people have understood the significance of Insurance and the benefit it offers if such unfortunate events occur. Moreover, these events are not only affecting crops or agriculture; they are also affecting humans as well as property. These events lead to further insurance awareness and people are indeed feeling the need for insurance. In the last two years we have seen government acting as a catalyst and Government today looks at insurance with immense respect and have realized that insurance as a risk management tool is very important," he emphasized.

The next speaker in the inaugural session was Mr. K. Sanath Kumar, CMD, National Insurance Company, where he mentioned that, "Big Data allows us to zoom in and focus on behavioural patterns of smaller and smaller crowds. With Big Data and analytics, we can predict how many people in Kurla (area in Mumbai) will buy health insurance in next few months. That way, I can target my marketing expenses not on Maharashtra or Mumbai but on pockets within the city."

According to Mr. B. Venugopal, MD, Life

buy insurance that lasts for a single ride. Adding further on this, Mr. Rakesh Jain, CEO, Reliance General Insurance, believes that, product specific architecture should be altered to make it customer centric. "The proliferation of new technologies and digital interfaces has revolutionized the way in which customers buy and consume insurance products. The GI industry per se will benefit manifolds from digital advances like AI, Big Data & IoT to name a few. Reliance General Insurance constantly strives to exploit and engage these emerging technologies for imparting a world class customer experience," he said.

The deal-friendly, money conscious new generation poses unique challenges. "Globally, InsureTech are creating disruptions, which the Insurance world would not have perceived as a possibility a few years back. India is on the verge of such a disruption which will change the way insurance is perceived today. The marriage of InsureTech capabilities, with the backing of an Indian financial brand, would be transformational for the sector," enlightened Mr. Vijay Sinha, MD & CEO, DHFL General Insurance.

The panelists also spoke about new technologies and trends like wearables and how they can impact health insurance market. "The global insurance industry is undergoing a tectonic shift and trends such as Big Data and digital are increasingly causing disruption and driving transformation like across most other industries. By 2020, about 65% of the global population will be connected to the Internet, and interactions are expected to be more and more digital owing to technological advancement," says Ashish Mehrotra, MD & CEO, Max Bupa Health Insurance. The industry which is looking to customize products with their enhanced knowledge of customers, is eyeing regulatory directives in this area too. "Changing dynamics of Life Insurance Industry need constant and consistent deliberations among all stakeholders and industry captains. Dun & Bradstreet Insurance Summit provides such platform and I am sure the Industry, using such platforms and the deliberations thereon, will be able to

a key in building any strategy that will stand the test of digital change. "The role we see for ourselves is one of a much needed catalyst to expand the prevalent health insurance landscape in India. By focusing on the 'health' in health insurance, Aditya Birla Health Insurance's model has been built around the philosophy of health first. We aim to enhance consumer convenience leveraging the power of digital," says Mr. Mayank Bathwal, CEO, Aditya Birla Health Insurance.

Embracing digital is paramount. The increasing no. of mobile phones and internet users, especially among youths evidently calls for a change and opportunity to embrace digital. Therefore traditional methods will not work. Few things have happened – like digital intermediaries where there are common service centres and web aggregators. They maybe be very small but has the potential to grow big. These common service centers encompass 2 lakh people selling insurance in small towns and villages. Whereas web aggregators use the weakness of online shopping, displaying prices of all policies and lure people to buy the cheapest. It is good since it increases the insurance reach. Digital intermediaries are here to stay and they will become big in the coming years to sell insurance.

In terms of claim service, digital is going to



**Insurance is one financial services product where there is truly a 100% need. However, India is a real laggard in this regard: the 3rd largest economy in terms of PPP is ranked 41st in insurance penetration and 76th in terms of insurance density! This underlying opportunity needs to be tapped through new-age means: micro segmentation followed by digital realtime application and increased rates of straight-through-processing. There are some really exciting analytical insights that underpin these new-age means, which insurance companies are beginning to adopt. There's scope to do a lot more.**

**Mr. Manish Sinha,**  
Managing Director – India,  
Dun & Bradstreet

be relevant. Human intervention is equivalent to none where claim process can be completely automated and this is imminent. The next role of digital is risk appraisals. Digital undoubtedly is causing a major disruption in the insurance space and this eventually will contribute in a way that the entire insurance industry will witness a sea of change. There are also transformations in external world – pilotless aircraft, driverless car etc. This in turn will change the way insurance works. It may result in lower premiums because risks are lower. All risks are becoming more and more complex and challenging. Hence, insurers should aspire to become digital firms so as to meet new-age challenges, thereby build greater customer loyalty, cut costs and improve profitability. Also, there's a need to use digital tools to develop a clear view of which customer interactions can be re-imagined through digital. This improved experience will have the best impact on today's customers, facilitating insurance companies to earn better customer loyalty & stay ahead of the competition curve.



**"Dun & Bradstreet, world's leading knowledge provider, has been conducting the Annual Insurance Summit, quite regularly. Each event has been delivering new set of perspectives and discussion points to the Industry and, therefore captains of the Industry have been quite keen to attend this. I have found out the discussions erudite and Industry contacts and deliberations quite sumptuous. I look forward to this year's event with great expectations**

**Mr. K Sanath Kumar,**  
Chairman cum Managing Director,  
National Insurance Co. Ltd.



Mr. Sanjay Pathak, Associate Vice President – Services, 3i Infotech Ltd.; Mr. Girish Kulkarni, MD & CEO, Star Union Dai-ichi Life Insurance Co. Ltd.; Mr. Vijay Sinha, MD & CEO, DHFL General Insurance Ltd.; Mr. Rakesh Jain, CEO, Reliance General Insurance Co. Ltd.; Mr. R K Nair, Former Member, Insurance Regulatory and Development Authority of India; Mr. Ashish Mehrotra, Managing Director & CEO, Max Bupa Health Insurance Co. Ltd.; Mr. Mayank Bathwal, CEO, Aditya Birla Health Insurance Co. Ltd.; Mr. Upendra Namburi, Chief Innovation & Marketing Officer, Bharti AXA General Insurance Co. Ltd.

and hypothesis. They can boil the whole ocean and come up with trends, make correlations between credit card delinquents and predict which customers would let their policies lapse et cetera," he said.

Mr. G. Srinivasan, CMD, The New India Assurance Company Ltd. gladly presented the growth numbers of the general insurance industry. Last year, the general insurance industry grew at 32%, and is expected to grow at 20-22% in the next 8-10 years. However, he believes that the industry should bridge the trust gap with customers and demystify insurance to the masses. He believes that InsuranceTechs are simplifying the processes of the industry. "Ideas are coming from Amazon and Flipkart like companies providing various ways to bundle products. Social media is helping us study behaviour, branding and even selling.

Insurance Corporation of India (LIC), it took four rounds of structural changes in business models in the insurance sector to go customer centric. Earlier business models concentrated on products, then on outlets and later on distribution channels. "The core objective of any industry is stakeholders value. To pursue this, we need to cut down time & cost and improve ROI. We cannot manage data unless we use technology", he concluded.

The opening session was followed by the panel discussion focusing primarily on 'Digital Transformation and Customer Experience'. In this session, industry leaders discussed newer products that they can bring in using technology, methods to engage young buyers, understand risks, and serve them better. The discussion also touched-upon innovative products in the market where consumers

find solutions to some of its challenges and will also be able to identify new opportunities for the future," points out Mr. Girish Kulkarni, MD & CEO, Star Union Dai-ichi Life Insurance.

Mr. Upendra Namburi, Chief Innovation and Marketing Officer at Bharti AXA General Insurance, believes in personalized services with a human touch. "At Bharti AXA General Insurance, we empower our customers with tools and knowledge to mitigate every day risks and challenges. We are on a constant journey understanding and enhancing the experiences to our customer and partners, delivered on the back of insights, data and state of the art technology solutions. We constantly strive to make a difference in the lives of our customers and the world around us," he said.

However, panelists homogeneously believed that mindset change of companies is

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