

By Invitation

Assured benefits of tech revolution in insurance

Successfully leveraging insurtech disruption will help the sector leapfrog to the next level



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After fintech, 'insurtech' is the next logical step in a series of technological disruptions in the economy, joining the ranks of cleantech, healthtech, agritech, smart mobility and edutech, among others.

The domestic insurance market, with a penetration of around 3.49 per cent, is expected to witness hyper growth from its current market size of \$60 billion to \$160 billion over the next decade. In order to achieve last-mile connectivity and deep outreach, it is vital that new-age channels of information such as open data are utilised to optimise insurance coverage for all and create niche hyperlocal communities to cater to the 'on-demand' economy.

Insurtech is currently at the cusp of making transformational disruption; successfully leveraging this will allow the sector to leapfrog to the next level of growth.

First, innovation in insurtech is catalysing the entire insurance value chain with a key focus on enhancing operational efficiencies and lowering cost. By leveraging Artificial Intelligence (AI), Internet of Things (IoT) and blockchain, insurance companies can ensure significant time and cost savings through automated underwriting processes, digital signatures and information assimilation of the insured. This is also critical as India gears to roll out the Ayushman Bharat health insurance scheme over the next year. For example, Roadzen, a US-based insurtech company, focusses on utilising big data, AI and computer vision to automate processes in order to increase turnaround time and reduce the overall cost of processing claims.

Tailored offerings

Secondly, insurtech is introducing new and agile insurance products as well as distribution methods and platforms which will be consumed in a very different manner to traditional offerings. With digitisation at its core, peer-to-peer (P2P) insurance models as well as 'bundled' insurance offerings will emerge



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the new norm for current and future consumers.

It has been projected that by 2020, 75 per cent of insurance policies within India will be digitally influenced – i.e., three out of every four Indians will be choosing insurance policies based on their digital influence, modelling and offerings bundle. For example, having partnered with existing insurance companies to roll out its products, Kolkata-based start-up InsureFirst offers diverse plans which can be tailored to suit a user's requirement via phone support.

Customer is king

Thirdly, insurtech can address the insurance inclusivity challenge by ensuring a transition from product-centric models to a customer-centric approach.

With the number of mobile internet users set to reach over 475 million in India, earlier bottlenecks such as lack of user information, inadequate access to consumers and differentiated individual requirements can be addressed by analysing big data through AI and machine learning. A case in point is Zhong An, a China based insurtech start-up that focusses on collating a customer's online retail purchase history in order to forecast the potential consumer's risk profile and premium pricing.

Clean insurance

Finally, insurtech will not only galvanise digital insurance sales but have a multifaceted 360-degree impact on the risk industry. By introducing digital transparency, data-driven insights and

real-time smart contracts in the systemic process, inefficiencies such as insurance fraud and delayed payments can be drastically reduced. This will also enhance customer awareness, best-price discovery and contract renewals. An Indian startup, Coverfox, has been working to prevent insurance policies being sold through fraudulent promises by phone agents. Users can compare, manage and buy new policies from multiple vendors, through the firm's platform.

The key to enabling a successful insurtech environment is an amalgamation of people, processes and technology. While fintech has evolved at an exponential pace, insurtech is still at a burgeoning stage of development. Further, by leveraging the principles of DICE (Design, Innovation and Creativity-led Entrepreneurship), insurtech is on the fast track to revolutionise the entire risk industry.

A collaborative approach with legacy incumbents and a focus on smart customer-centric services, bundled with a comprehensive and segmented approach, will build capacity and sensitise citizens towards insurance. It will also help them make informed choices and move the needle from insurance to assurance.

The writer is MD and CEO, YES Bank.



Benefits

- Time and cost savings; transparency
- New products, platforms and distribution methods
- Customer-centric approach

Factors at play

The key to enabling a successful technological environment for insurance is an amalgamation of people, processes and technology