Technology for sustainable growth

Motilal Oswal AGIC | Aug 28, 2018 | Mumbai

Amitabh Chaudhry, MD & CEO, HDFC Life
Life insurers have experienced recurrent realignment of operating model

- **Agency-led business**, dominated by traditional products
- **Shift from traditional to market-linked products**
- Emergence of **online channel** leads to product innovation; insurers invest in **mobility tools**

**Pre-2001**
- **2001 - 2006**
  - Private insurers enter; **replicate** the tried-and-tested model

**2007 - 2010**
- **2011 - 2014**
  - **Bancassurance** becomes key as insurers look for cost-efficient channels

**2015 onwards**
Technology is pivotal for sustainable growth

Mega trends impacting the insurance industry

1. Customer is going digital
2. Distribution partners straddling high-touch and high tech models
3. Emergence of aggregation platforms for millennials
4. Open architecture leveling the playing field for disruptors
5. Data availability

Insurer’s objectives

- Unmet financial needs
- Under-served customer segments
- Profitable growth

Technology provides the means to realize the opportunity
At HDFC Life, technology has played a key role in transformation

**Benefits**
- Scalability
- Optimized processes
- Segregation b/w Systems of Records and Systems of Engagement
- Improved CRM platform
- Enhanced security
- Ownership of e-product space
- Empowered sales force
- Paperless issuance
- Technology: from back office function to arrowhead
- Digital source data
- Mobile enabled end-to-end journeys
- Plug & play partner integration
- Platforms and ecosystems
- Data lake
- Alternative data sources
- Nudge & recommendation engines

**Differentiators**
- Core systems
- Tech architecture stack
- Digital & Mobility
- Reimagining Insurance

**Tech architecture stack**

**Core systems**

**Digital & Mobility**

**Reimagining Insurance**

2013-2015
2015-2017
2018 onwards
Disruption journey continues
We are leveraging technology to create a responsive operating model.

1. **Frictionless customer journeys**
   - Leverage partner ecosystems
   - AI-led simplified 24*7 service

2. **Deeper partner integration**
   - Plug and play architecture
   - Enhanced synergies

3. **Bionic distributor**
   - Sales accelerators
   - Nudge & recommendation engines

Tech @HDFC Life
1.1 Tapping into networks to shorten journeys and deliver superior customer experience

Note: Brands depicted are illustrative to explain the concept
1.2 Redefining customer service: 24*7 via customer’s preferred channel

Self-service bots

- Email bot SPOK
- Twitter bot NEO
- Chat bot ELLE

- Automated and instantaneous responses
- 24*7 access to premium receipts and policy statements

InstaServ – Next Gen customer servicing app

- No physical request forms required
- Verification using OTP authentication
- Real-time fulfillment of request
- Maximizes First-Time-Right

- More than 75,000 requests fulfilled in the year of launch
- 80% of all fund switch requests processed using InstaServ
- 50% reduction in time-to-serve

-July’18 saw 215,000 queries; 2.5 times the queries received in May’18
2.1 Modular IT architecture allowing easy integration with partners

Plug and play architecture for faster go-live

On-the-go information flow to achieve straight-through processing

MIS for partners’ performance with advanced analytics*

Enhanced security to prevent misuse of customer data

25 Banks + 111 NBFCs + 18 MFIs + 9 Small finance banks + 26 Non-traditional ecosystem partners

* WIP
2.2 Leveraging digital tools to realize synergies

**Real-time fulfillment**
- Faster processing through instant data flow, e-KYC integration
- Robotics-led optimization has led to efficient processes

**Quality Management**
- Video-enabled confirmation of customer understanding (pre-issuance)
- Automated suitability matrix to mitigate mis-selling

**Capability to customize**
- Pre-approved sum assured on partner website/mobile apps
- Customized new business and renewal collection process

- Issuance TAT **reduced from 4 to 3 days** in Q1 FY19
- **89 processes** automated using Robotics
- **~65% of verification** done through the video-based app
- Customer complaints **reduced by ~20%** in Q1 FY19
- **99.9% applications** submitted via digital medium
- **~75% of renewal payments** via online modes
3.1 Accelerators for sales force enablement

Learn anytime anywhere
Interactive learning on functional and domain skills

- 90% of sales employees active on online training

1.5 million queries answered within 7 months of launch

NLP-based query resolution
24*7 access to process and product info

- More than 30,000 partner visits recorded monthly

Geo-tagging for structured review cadence
Ensure requisite levels of partner engagement

Personalization of incentives*
Right incentives for the right behaviour

* WIP

- 90% of sales employees active on online training
- 1.5 million queries answered within 7 months of launch
- More than 30,000 partner visits recorded monthly

* WIP
3.2 Industry-first digital toolbox to develop bionic distribution

**Datalake**
- Collects and stores all enterprise data on the cloud
- Capabilities to catalogue, search and find relevant data

**Nucleus**
*Customer 360*
- Captures entire customer lifecycle in one view
- Sentiment analysis of customer basis interactions

**Dedupe**
- Capability to check for duplicity of customers
- Plug and play API solution easily deployable at partner source

**Nudge Engine**
- Repository for all nudges (images, videos, etc.)
- Finds the most relevant buying journey basis the persona of the customer/ click activity/ partner portal browsing history, etc.

**Reco Engine**
- Uses inputs such as age, address, dependents, annual income etc. to recommend products
- Self-learning model which evolves with new data and experience

**Benefits for distributor**
- Impactful nudges to customer
- Hyper personalized recommendations
- Higher propensity of purchase
- Cross-sell and up-sell opportunities
Technology will not replace, but augment, human touch

**Sales force enablement**
- Enabling sales force for **better prospecting and faster closure**
- Deeper understanding of customer profile leading to **enhanced share of wallet**

**Customer experience**
- Range of **physical and digital modes** to self-serve or get served
- **On-demand, Omni-channel** customer interaction touch points

**Partner engagement**
- Comprehensive form factor responsive **dashboards for Partners** to review the business on-the-go
- **Big data analytics** for enhanced throughput
Thank You