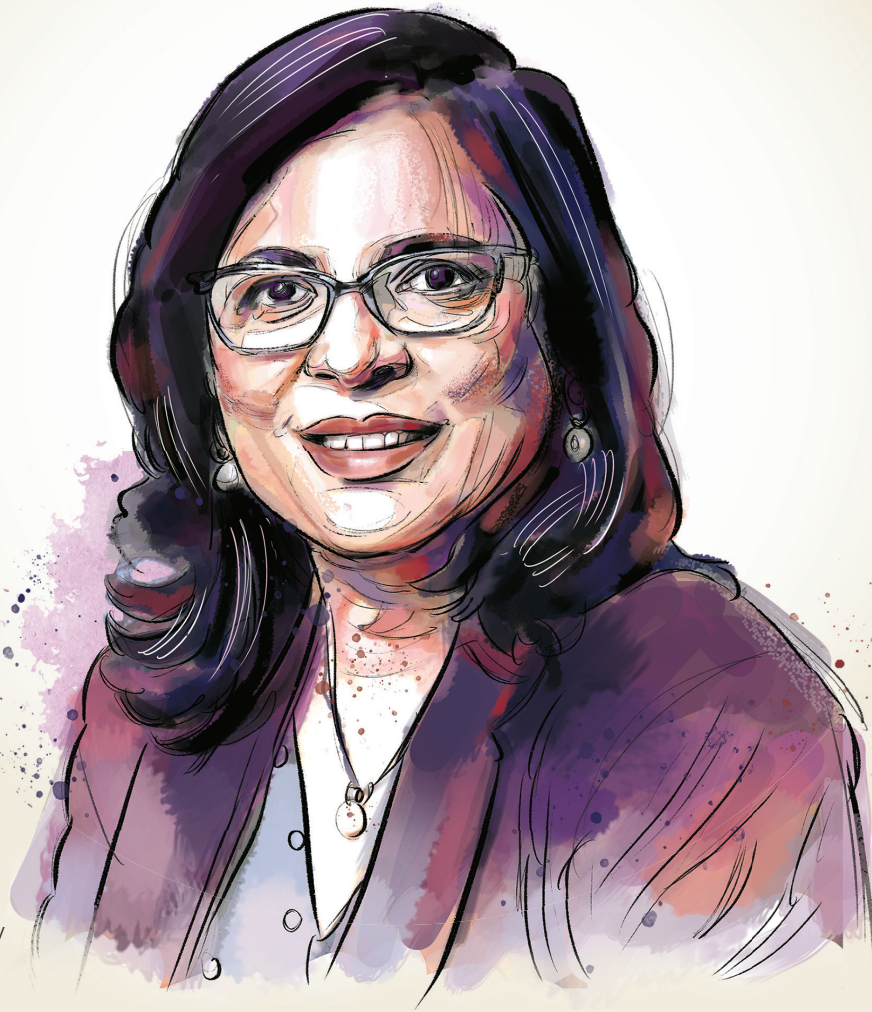


**Vibha Padalkar**  
CEO, HDFC Life Insurance Co. Ltd

# INNOVATION, CUSTOMER CENTRICITY OVERRIDING THEMES



Tech, data and analytics will back innovation and, thereby, customer centricity in insurance as consumer demands and habits witness a steady change

The year 2022 started with yet another spurt of Covid-19 as the third wave spread rapidly. However, this time we were prepared. The mass vaccination drive meant that the severity and mortality of Covid-19 was significantly reduced. As a result, the global economy started to get back to its pre-pandemic ways. Not for long though. Shortly thereafter, businesses started feeling the pressure of a volatile macro environment, with rising interest rate and inflation, and turbulent geopolitics.

Despite this, the Indian private life insurance sector grew at a compounded annual growth rate (CAGR) of around 14 per cent in each of the last two pandemic years, and continues to record double-digit growth in 2022. There is a lot to look forward to in terms of growth for the industry on the back of development focus of the insurance regulator, the Insurance Regulatory and Development Authority of India (Irdai).

## THE YEAR GONE BY

Here are some of the key learnings that come to mind.

**Financial Resilience:** Both individuals and organisations have realised the importance of financial resilience. The macro shocks of the past few years have stress-tested companies' balance sheets.

At an individual level, while the self-employed segment was already burdened by the pandemic-induced slowdown, the corporate sector also started to feel the heat with a funding winter for start-ups and mass layoffs at tech firms. As a result, individuals have become more prudent when it comes to planning for their family's future, with appetites for untested investments lowering, and traditional savings choices gaining prominence.

Individuals have become more prudent in planning for their family's future, with traditional savings gaining prominence over other forms of investment

**Innovation And Customer Centricity:** Customers across all age groups have a common perception that life insurance is a complicated product.

With a view to enhance the overall customer experience, insurers must simplify the products as well as the buying process. With changes in the last few years, consumers today rely on multiple platforms to gain knowledge. YouTube and social networking sites have become a key source of awareness. As a result, social media influencers have gained prominence. Life insurers must ensure their authentic presence on such platforms to avoid misleading information on the product and category.

**Agility:** Size has always been a key strength for a large financial service provider. It is the sheer size of the assets that at times allows the firm to tide over market uncertainties. What 2022 also taught us is that along with financial muscle, it is also equally useful to have quick reflexes when the environment is dynamic. The insurance sector was bracing for tech-led disruptions. However, now we even have regulatory dynamism nudging insurers towards a change in various aspects of the

## WHAT DEFINED 2022?

▶ **Impetus On Innovation**  
Irdai extended 'Use and File' procedure for most life, health and general insurance products and riders. Allows companies

to launch such products without prior Irdai approval

▶ **Digital Focus**  
Irdai's regulation on issuance of e-insurance

policies is part of a digital push. It is aimed at promoting efficiency in the conduct of insurance business and provide an appropriate framework for electronic mode of solicitation and servicing of insurance policies

▶ **Regulatory Aggregator**  
Irdai has approved the launch of Bima Sugam, an aggregator-like platform that will allow insurers to sell products directly to customers online, lowering costs and altering the distribution process

▶ **Cover For Rural Population**  
The regulator has set up a 24-member committee to develop and suggest an affordable and comprehensive cover for the rural population through Bima Vahak and Bima Vistaar schemes

## NON-LIFE INSURANCE

▶ **Health Coverage Expanded**  
The insurance regulator said that all health insurance policies that cover treatment costs of Covid should also cover the Omicron variant.

It asked health insurance providers not to deny claims against 'antibody cocktail therapy' to Covid patients.  
Irdai has also mandated providing cover for mental illness under

health insurance policies. Policies for newborns/ unborns shall provide coverage from Day 1 without any waiting period or sub-limits. Also, internal congenital diseases, genetic diseases, or disorders will not be allowed to be incorporated as exclusions

▶ **Innovations In Motor Insurance**  
Irdai has introduced tech-enabled innovations in motor insurance such as 'Pay as You Drive' and floater policy for multiple vehicles belonging to the same individual owner

▶ **Move On Mis-selling**  
Irdai asked motor insurance providers to discontinue

advertisements with respect to services that may be provided by motor garages/workshops and not insurers

▶ **Expansion of Cashless**  
General insurers choose network providers or hospitals that meet their standards, easing norms for expanding cashless facilities in the country

business. Commission flexibility, easier product approval process, launch of an insurance marketplace, along with many other such initiatives have the potential to materially influence existing business models.

The regulator is also looking to make the entry of new players easier. While that would lead to increased competition for the incumbents, it would grow the market size with focus on new segments and geographies in the long run.

### THE YEAR AHEAD

Here are some of the trends that started emerging in 2022, and which will continue to define the way ahead for the next year.

**Customer Centricity:** Consumer demands keep changing over time. In the last two years, not just consumer demands, but even consumer habits in terms of interaction with businesses have changed. Anticipating their needs and meeting expectations by creating a superior experience is now becoming the norm. This, in turn, will enable building and sustaining customer loyalty over the long term.

**Innovation:** The insurance industry has traditionally relied on product innovation to differentiate its offerings. However, we might see a strategic shift in that aspect. The recent regulation on use and file guidelines on product launches would mean nimble players could easily replicate any new idea and leave little incentive for companies to innovate on product constructs. This may not necessarily be bad for the industry, as the focus would shift towards innovation on service delivery as a differentiator.

### TIDINGS FOR 2023

▶▶ **More Innovations On The Anvil**

More innovative and technology-led products that are low-cost yet more efficient expected to hit the markets

▶▶ **Launch of Bima Vahak, Bima Vistaar, Bima Sugam**

Irdai has proposed Bima Vahak and Bima Vistaar for the rural population and an aggregator platform Bima Sugam. The initiatives are likely to fructify in the coming year

The insurance regulator is also looking to make the entry of new players easier. It would grow the market size in the long run with focus on new segments and geographies

**Technology:** Tech is no longer just good-to-have, but is also the backbone of businesses. A scalable and robust tech stack is a key differentiator in today's world, where speed, responsiveness and collaboration play important roles in achieving topline growth.

**Data And Analytics:** This has emerged as a critical area and will continue to drive the future trends and business practices. Life insurance business in India is no longer what it used to be five years ago. Real-time integration with third-party databases will simplify and expedite the customer onboarding journey, as well as strengthen backend processes, such as risk assessment and underwriting for the insurers. The regulatory support on this front is also expected to accelerate this development.

**New Ecosystems:** Insurers have started to collaborate with new-age tech platforms to not only grow their market reach, but also simplify the customer experience. Advanced analytics and use of technology has allowed insurance companies to undertake real-time risk assessments as well as offer instant cover and self-service capabilities on their portals. An ecosystem platform multiplies the impact of such capabilities manifold. Going forward, collaboration rather than competition would emerge as the engagement mode between participants.

**Sustainability:** Today's investors are more conscious about responsible investing and sustainable wealth creation. Environmental, Social and Governance (ESG)-driven approach is a way of doing business that benefits all stakeholders and is an integral part of the value creation process itself. Companies that work on the principles of ESG today will be better placed to face the challenges of the future both in terms of demands from consumers as well as the macro environment. ■