nasscom | ICICI Lombard Nibhaye Vaade

DIGITALIZING INSURANCE

INDIAN END-CONSUMER PERSPECTIVE

November 2023

Leaders' Note

Insurance is to risk, as invention is to necessity! From several thousand years Before Christ (B.C.) when Baylonians started insuring merchants' loss of goods at sea by waiving off complete trade loans, to the future that holds unknown risks, and the unknown propensity of those risks turning to major crises, the insurance industry has not only evolved to optimally hedge calculable or estimable risks, but it is now beginning to get into the business of predicting and preventing risks before a cover may become essential!

Globally, the insurance industry, comprising both traditional carriers with massive foot soldiers and branch networks, as well as, new-age digital-first InsurTechs, has seen major upheavals since 2020. Life has grown slower, non-life more quickly, and health has risen to the top. As the world population distribution skew deepens, Asia and emerging economies achieve higher GDP per capita, and more advanced technology use cases emerge that deliver personalization at each stage, insurance is expected to grow faster despite its inelastic demand.

Back home, in India, the landscape is rapidly reshaping as India emerges as the fastest growing insurance market globally, and as InsurTechs gain more and more market share. The industry is at a crossroads and traditional carriers have upped their digitalization game, with modernization of legacy and adoption of new-age tech, such as AI for more precise risk analysis, underwriting, and claims, IoT for real-time incident analysis, and cloud and data integration for seamless analytics. Moreover, incumbent carriers and InsurTechs are collaborating for better distribution and reach, core digitalization, and product innovation, above and beyond simply improving customer experience frontends.

Yet, a lot of challenges remain with a global penetration of just about 7-7.5%, and in India, about 4.2%. This report specifically delves into the Indian end-consumer behavior when thinking, planning, and procuring insurance as a product, and then utilizing it through the various post-purchase services. The study captures, assesses, and understands perspectives from 2000+ respondents to uncover reasons behind a consumer's decision to invest in insurance, particularly through digital means. Age, education, gender, location, employment, income, and digital savviness could all be contributing factors that determine an individual becoming an insurance customer. However, the journey thereafter decides customer retention and loyalty.

This study attempts correlating technology interventions by the industry in India with on-the-ground voice of the end consumer to recommend actions steps that may help improve access, adoption, and affordability of insurance through technology-led interventions.

We hope you find this report an insightful read. Your feedback and suggestions are welcome! Please share with us at research@nasscom.in.

Achyuta Ghosh
Senior Director & Head-Research
nasscom

Mr. Girish Nayak
Chief - Technology and Health Underwriting & Claims
ICICI Lombard GIC Limited

Contents

Purpose of the Study

Non-life insurance penetration in India, across segments of health, motor, property and casualty, cyber, commercial, etc., is one-fourth that of life insurance penetration. Nasscom's objective with this study is to unravel consumer experience-led insights into the current state of digitalization of the insurance value chain. End-consumer satisfaction and engagement across the journey of buying, using, and recommending insurance through digital channels, such as websites, mobile apps, or via WhatsApp is measured with the help of an objective survey.

Real consumer usage trends are assessed against incumbent insurance providers' and insurtech companies' technology investments and offerings. The study further compares India's insurance trends with those shaping global insurance markets to assess growth challenges and emerging opportunities that would expand the target addressable market and improve pan-India penetration.

The study highlights that consumer-facing technology adoption, in itself, may only solve the "access" challenge effectively. Transforming affordability of insurance offerings across un/under-penetrated segments and enhancing repeat-buying behavior will require targeted digital intervention based on the usage of technologies such as Cloud, AI/ML, IoT, and advanced analytics.

Methodology

Nasscom conducted a survey of 2000+ retail consumers, individuals who purchase insurance in their solo or family capacity, over a period of 6 weeks during August-September 2023. The survey was conducted keeping in mind that insurance consumption is a non-elastic, non-frequent behavior, and through digital mode, insurance services are mostly availed by individuals who have had some exposure to digital transactions or consumption – payments, purchase, OTT consumption, etc.

Therefore, the survey respondents were filtered to fit the basic criteria of frequent digital transactions. Digitally active consumers across age groups, gender, location (Tier 1/2/3 cities), education profiles, working status, and income bands were well-represented in the survey.

The purpose of the survey was to capture active insurance buyers', or non-current, but previously active insurance purchasers' choice of insurance type across various non-life categories, their preferences in making purchase decisions, source of buying insurance, post-purchase services consumption, and the likelihood of continuing as an active insurance customer (since dropouts is the biggest challenge for the sector).

Through this entire insurance journey, the utilization of digital mode at each stage, and the level of satisfaction with digital channels and the impact on customer satisfaction and retention was captured in depth.

Executive Summary (1/2)

Global Landscape

- Global insurance market has witnessed higher year-on-year volatility since 2020 and flattening growth along the 2.6% 10-year CAGR.
- Global Insurance penetration rate has decreased by 0.2%, primarily influenced by the Top 20 countries, while premium per capita remained same.
- Insurance mix of life and non-life has pivoted in the last five years towards non-life. The health insurance market alone is expected to grow at a CAGR of 7.6% from 2021 to 2030 and reach $3.9 trillion by 2030.
- Insurance premium per capita has shown stronger correlation with GDP per capita than with GDP growth rates for the top-20 insurance markets.
- India, for instance, could lose 35% of its GDP by 2100 due to climate risks, much above the 24% average for overall emerging economies.

India Landscape

- India is fastest-growing insurance markets expected to grow by an average 9% p.a. and is the 9th largest Life Insurance Market globally
- Total insurance premium in India increased by 13.5% in 2021, compared to a global average of 9%.
- India's insurance penetration at 4.2% in 2021 has seen highest growth and Life insurance penetration at 3.2% almost twice more than that in emerging markets and slightly above the global average.
- FY22 onwards non-life has continued to grow much faster at 10.8% and 16.4% respectively. Health Insurance has been a major growth driver.
- The Indian health insurance industry reported a growth of 26.3% in FY22, making it the largest non-life insurance sub-segment with a market share of about 36%, followed by the motor segment at 32%.
- Indian InsurTech Start-Ups raised aggregate $2.6 Bn since 2018 which is relatively more robust with stable share of Insurtech funding as compared to Global InsurTech funding in 2022.

Funding Landscape in India

- Indian InsurTech Start-Ups raised aggregate $2.6 Bn since 2018 which is relatively more robust with stable share of Insurtech funding as compared to Global InsurTech funding in 2022.
- ~90% of $2.6 Bn Funding in InsurTech has gone into B2C/Aggregators or End to End InsurTech players positively impacting policy Awareness of various Non-Life Insurance products in India.
- 6 out of 7 Unicorns in India's InsurTech space out are B2C helping solve for Penetration challenge which is 1% Premium as a % of GDP (1/4th of Global Avg)
- 4X to 5X Premium Growth of Funded Aggregators as compared to traditional insurers.
- As compared to Global(80-90%), in India only 10% of Equity funding in InsurTech goes towards B2B InsurTech Start-Ups that are creating technology solutions for offering custom products (Dynamic products), risk assessments, policy administration to claim processing.

Executive Summary (2/2)

Digital Insurance Consumer Profile

- While health insurance is the most bought non-life insurance across all age groups, purchase in the 41-60 age bracket is the lowest, replaced by home insurance which is highest for this segment.
- Digital technology access has nearly eliminated the erstwhile gender gap in accessing and availing financial services, including insurance.
- Growing internet penetration and cheap data have reduced digital access gap between Tier I and Tier II+ locations, evident in digital insurance usage.
- Education, income, and working status also impact consumers' insurance choices by driving up awareness, affordability, and product options
- Traditional provider website and app, insurance aggregators and insurance brokers are the preferred source for buying insurance.
- Policy purchase, KYC and policy search and selection are the most used insurance services digitally while top-ups/riders, grievance submission and policy renewals are the least used insurance services digitally.
- Social media, online search and insurance provider website has been the most used sources for understanding the insurance ecosystem.
- 65%+ of all respondents are somewhat or very likely to take favorable future decisions on continuing to use insurance services as-is or expanding or buying more policies. 2-in-3 consumers are likely to recommend digital insurance services to friends and family.
- Duration of insurance history, over 5 years, unsurprisingly, is correlated with greater propensity to be an active and exploratory insurance consumer. However, gender, age, and income differences do not unravel diverse trends when decisions are studied in aggregation.
- Security and privacy of personal and financial data does emerge as a differentiating factor in consumers' decision to expand services or buy more. 40%+ of users who did not suffer any security breaches are very likely to buy more or expand services, and 55% of such users will recommend digital insurance, nearly 1.5-2X of their counterparts who suffered a security breach.

Top Challenges

- Online sharing of personal and financial data
- Lack of human expert guidance in the process
- Inadequate/ incorrect policy info online
- Confidence issues in self-executing online processes
- Broken connectivity and failure of first-pass transactions

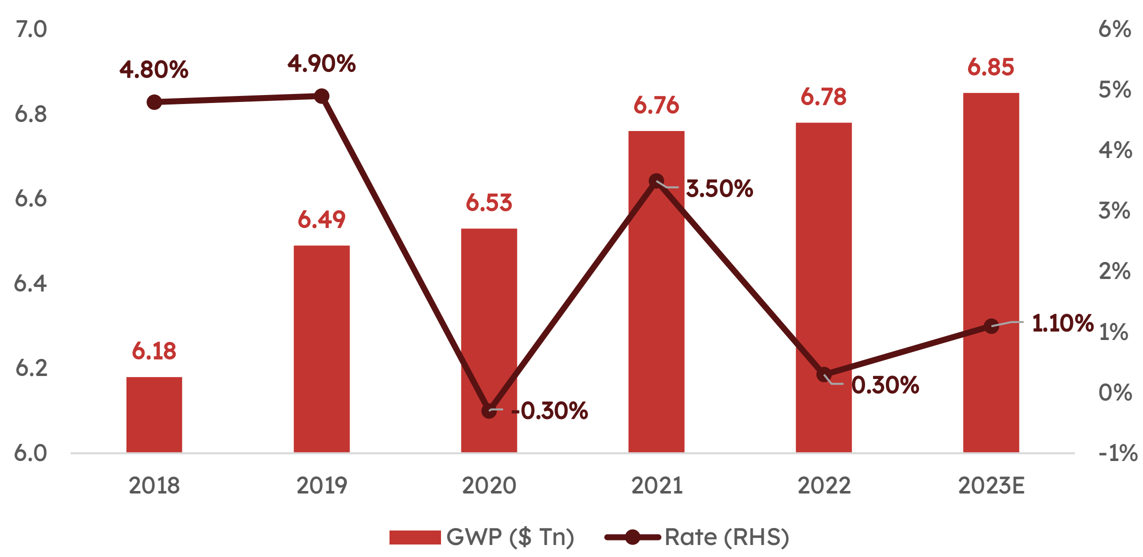
Areas for Development

- Easy to understand digital insurance knowledge material
- More personalized search and comparability
- Simplified document submissions, validation, and approvals
- Simplified purchase interface with integrated payment options
- Two-factor or stronger identity and data privacy controls

Global Trends in Digital Insurance

Global insurance market has witnessed higher year-on-year volatility since 2020 and flattening GWP addition, converging to 2.4%, below the 2.6% 10-year CAGR

Global Insurance Market 2018 – 2023E, *GWP and Growth Rates*

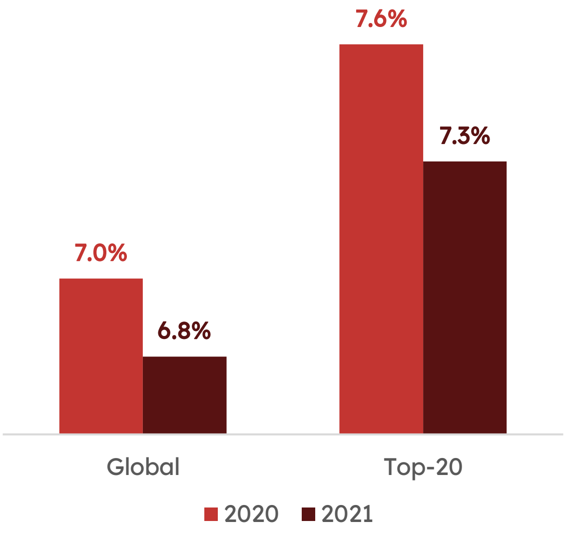


Global insurance gross written premiums, or GWP, also known as insurance volume, are estimated to reach $7 Tn in 2023, at a projected 1.1% y-o-y growth rate in 2023, after a 1.1% degrowth in 2022, putting the sector's five-year CAGR from 2018 to H12023 at 2.4%, slightly below the 10-year CAGR of 2.6%.

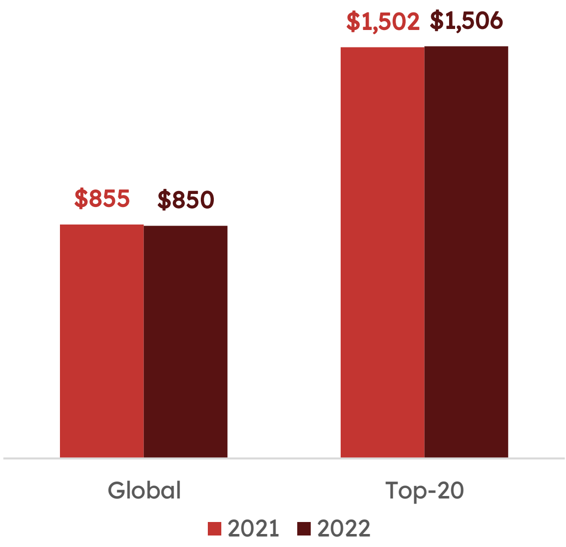
Despite a difficult 2022, when premiums rose at the same time as cost of servicing claims, and gross premium revenue dipped due to rising inflation, high interest rates, and persistent probability of recession, global insurance markets regained in 2023, although returns for insurers have been below the cost of equity in the five-year period since 2018.

During 2020-2022, penetration has declined globally and across majority of the top-20 markets, while premium per capita has remained nearly unchanged

Global Insurance Penetration Rate[1] – *2020 vs. 2021*



Global Insurance Premium Per Capita[2] – *2021 vs. 2022*



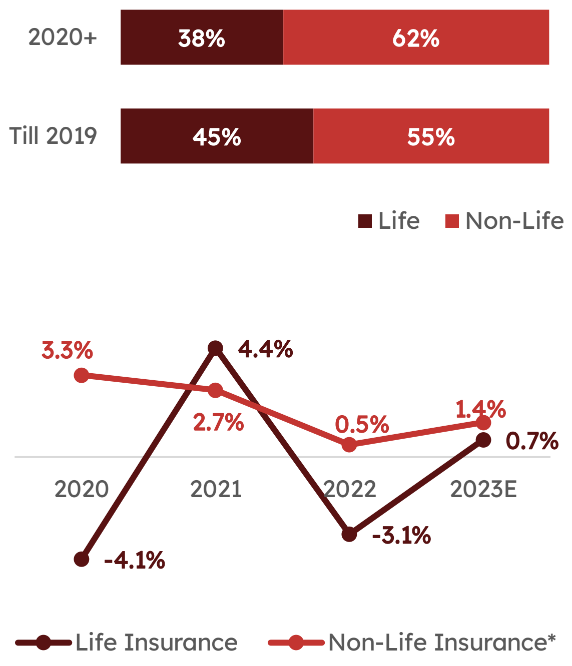
1 Global Insurance Penetration Rate is measured as the GWP divided by GDP. 2. Insurance Premium Per Capita is also known as Insurance Density and is measured as GWP divided by the region/country's total population.
Sources: Swiss Re, Allianz Research, OECD, Research Team Analysis

Stagnating growth trends are a result of multitude of factors at play – shrinking active consumer base due to population degrowth in high growth markets and lesser jobs in the pandemic years, persistently tight labor demand side, and rising cost of capital.

Fewer consumers paying higher premium for a similar basket of insurance offerings may not augur well for the massively underpenetrated insurance market. Particularly going forward, as insurance awareness grows, last-mile reach improves with technology-led newer distribution formats, and at the same time, unknown risks emerge that require innovative underwriting and risk analysis frameworks, it becomes imperative for insurers to proactively rethink existing business models, products, distribution, and CX.

Insurance mix of life and non-life has pivoted in the last five years towards non-life[3], even as both segments continue to be extensively underpenetrated

Global Life and Non-Life Insurance Mix[4] and Growth Rates



Shift in the mix between life and non-life started a decade ago, and between 2011 and 2021, while non-life grew at a 5%+ CAGR, life grew at a declining rate of 2.8%+. This brought the life to non-life global mix to around 45% : 55%, by 2019.

Since 2020, shift towards non-life has quickened, and the mix now stands at nearly 38:62 for life : non-life.

Globally, life insurance has seen greater volatility during the post-2020 period, effectively registering negative growth of 0.5%, while non-life has continued to stay in black with 2% net growth during the same period, largely driven by health.

Non-life growth rate increased in the post-COVID period driven by more health insurances in 2020 and 2021, and growth in motor insurance premiums in 2022, as a result of upward shift in asset ownership, and cost of capital. The health insurance market alone is expected to grow at a CAGR of over 10% between 2021 and 2030 to reach $3.9 trillion by 2030, with the highest growth rates of over 25% and 15% expected in China and India, respectively.

3. Non-life insurance, for the purpose of this study, includes health, motor (personal and commercial), business, marine, property and casualty, gadgets, fire, crop, and other personal or commercial insurances. 4. Life and non-life insurance mix for 2020+ is an approximated ratio based on decoupling health from Life Insurance category as majority advanced economies report health as part of life.
Sources: Swiss Re, Allianz Research, OECD, Research Team Analysis

Insurance density has shown persistent correlation with GDP per capita, over nominal GDP, and this relation is more evident in emerging markets

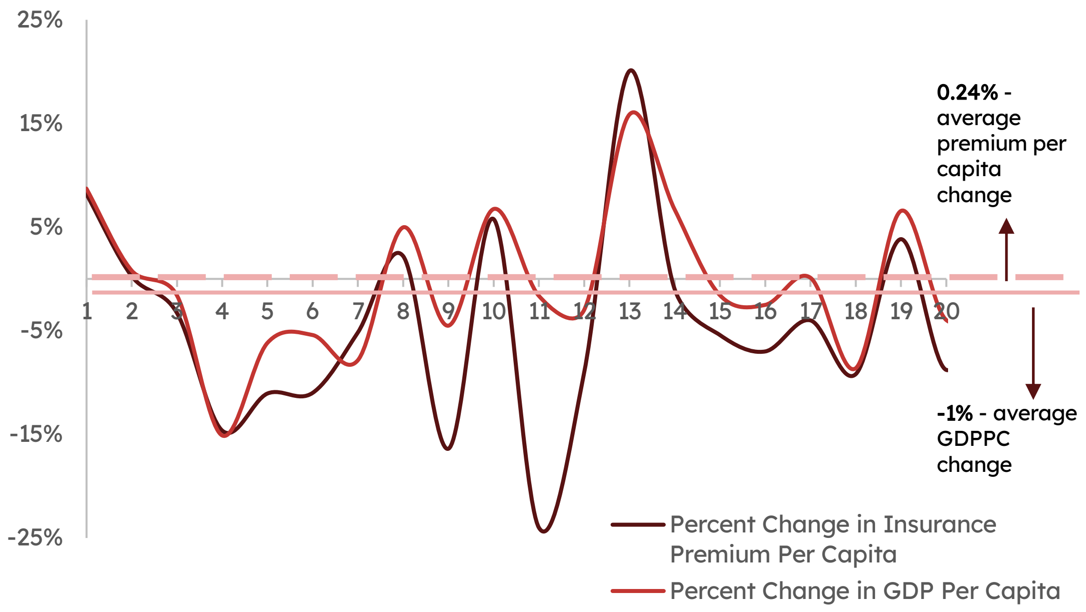
Macro-Economic Factors

1

Stronger Correlation with GDP per capita

Insurance premium per capita has shown stronger correlation with GDP per capita[5] than with GDP growth rates for the top-20 insurance markets, after an inflection point of GDP per capita of $2,000.

Insurance Premium Per Capita vs. GDP Per Capita for Top-20 Insurance Markets, *2021-2022*



Between 2011 and 2021, while world GDP grew at 4.9%+ per year, global GWP grew around 3.5-3.6% on average in the same period. Though positive, the growth correlation was found decoupled in the most mature markets, and in the fast-growing emerging markets.

This also led to the spotlight on GDP per capita, rather than GDP. The GDP per capita shifts in the last decade are more visible in emerging economies, particularly the emerging Asian countries. This has driven up penetration and share of these regions in the global insurance market.

In the 2011-2021 period, 50% of life and 30% of non-life GWP came from Asia. China's share alone of the overall premium volume is expected to increase from 12% in 2021 to 15%, while the rest of Asia (excluding Japan) is expected to reach a share of just under 17%, vis-à-vis 12.2% over the next decade. Around 42% of new premiums will be written in Asia (excluding Japan), half of which is likely to come from China alone.

As a result, majority insurance GWP growth in the 2020s will come from Asia. India, China, SE Asia are expected to drive absolute GWP, while the aggregate insurance premium per capita would rise in the more advanced Asian economies. Overall mix in the region is likely to stay in favor of life, though at a decelerating rate of growth.

5. GDPPC or GDP per capita is calculated by taking a country or economic region's GDP for the year divided by the population as on that date.
Sources: OECD, Swiss Re,, Allianz, Research team analysis.

Insurance is awakening to newer risks and unfathomed impact, beyond life and mature non-life segments, with rapid shifts in climate, digital, and demographics

Macro-Economic Factors

2

Systemic Shift in Nature and Need of Risk Coverage

Nature of global risks has changed, and the risk-to-crisis conversion time has shrunk. Insurance companies are having to rethink underwriting and risk analytics. Rising claims, for instance 5.8% growth in non-life claims payout in 2022, has tested capital adequacy.

Upcoming upheavals, hastened by climate change, rapidly evolving technology, massive digital presence and data use, and a volatile geopolitical balance, will give birth to new risks. Insurance providers in advanced economies are preparing to expand their portfolios with risk covers related to data protection, new green technologies, AI and climate liability.

While demand for protection and prevention will hardly ever cease to exist, the question is insurability – the ability of the sector to absorb and manage the extent of risks posed – and closely related affordability – and is likely to become increasingly urgent in the coming years. This will not only require a rethink of the prioritization of future cost of risk vs. current penetration but will also need a new level of product creativity and collaboration with customers and governments that goes beyond previous efforts.

Top-5 Global Risks: Advanced vs Developing Economies

Advanced Economies	Current Penetration	Future Cost of Risk
Life and Health Risk	Low	Very High
Cyber/ Digital Espionage Risk *(loss value)*	Low	Very High
Climate Risk *(commercial)*	Low	High
Technology Obsolescence Risk	Low	Medium-High
Property and Low Reinsurance Risk	Low-Medium	Low-Medium

Developing Economies	Current Penetration	Future Cost of Risk
Property and Commercial Risk *(climate)*	Very Low	Very High
Health Risk	Very Low	High *(on demographic dividend)*
Wealth Risk *(first-time owners, rising affluence)*	Medium	High
Cyber Risk *(first-time tech)*	Low	Medium
Brand Risk *(global expansion)*	Very Low	Medium

India, for instance, could lose 35% of its GDP by 2100 due to climate risks, much above the 24% average for overall emerging economies. The skew in global population distribution also presents unique challenges for the first time ever, with developing economies much younger than the developed ones, needing different insurance offerings, customized and personalized with technology.

Sources: OECD, UN ESCAP, Research team analysis.

Despite unprecedented global volatility, insurers are turning to technology as a safe harbor, getting into innovative and customer-centric business models

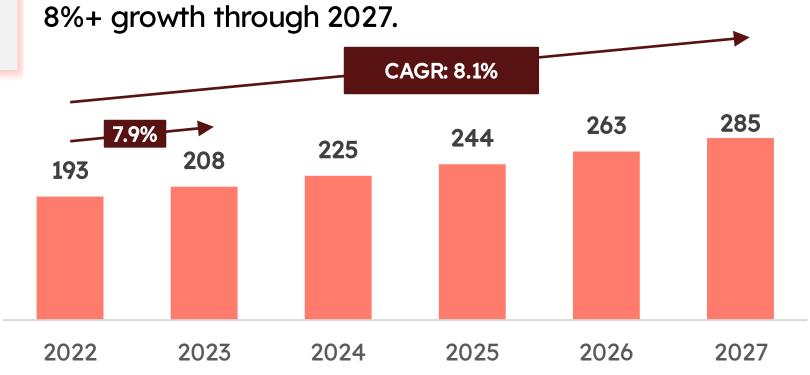
Technology Factors

1

Carrier Technology Spend Grows

Gartner estimates 2023 IT spending by the global insurance sector to exceed $200 Bn, with robust 8%+ growth through 2027.

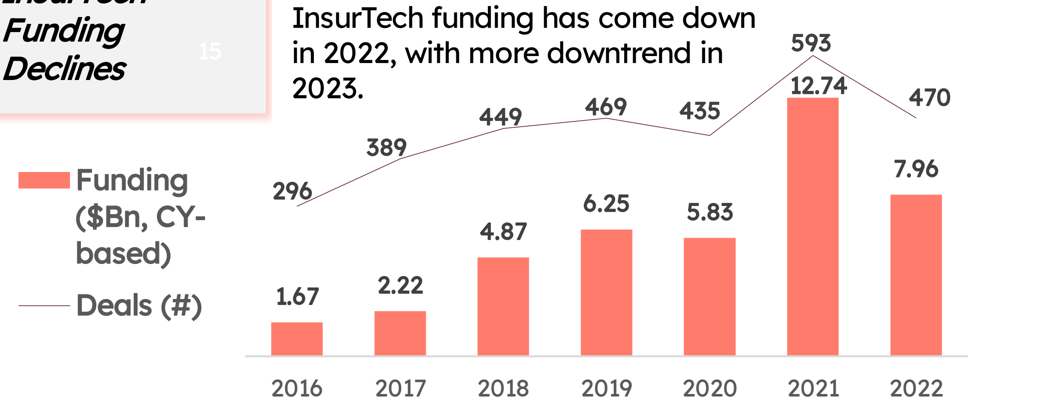
Global Insurance Tech Spend, *2022 – 2027E in $Bn*



2

InsurTech Funding Declines

After a record run till 2021, topping off at over $12.5 Bn, InsurTech funding has come down in 2022, with more downtrend in 2023.



3

But Pivots to Focused InsurTechs

From CX to Distribution, to Now Core Digitalization

~210% CAGR growth in distribution-focused InsurTechs during 2018-2022

~20X Growth in funding into underwriting and risk management InsurTechs since 2018

~$11.5 Bn Funding into health InsurTechs, highest across segments, led by parametric models

4

And, Newer Insurance Models

Bundled Products – Auto and home insurance InsurTech Branch offers customized bundles, mainly for rentals

Parametric Products – Lifestyle and wellness-based modular health insurance packaged with corporate social responsibility (CSR) by Betterfly

Embedded Commercial Insurance – Pie bundles commercial insurance with financing models for SMEs

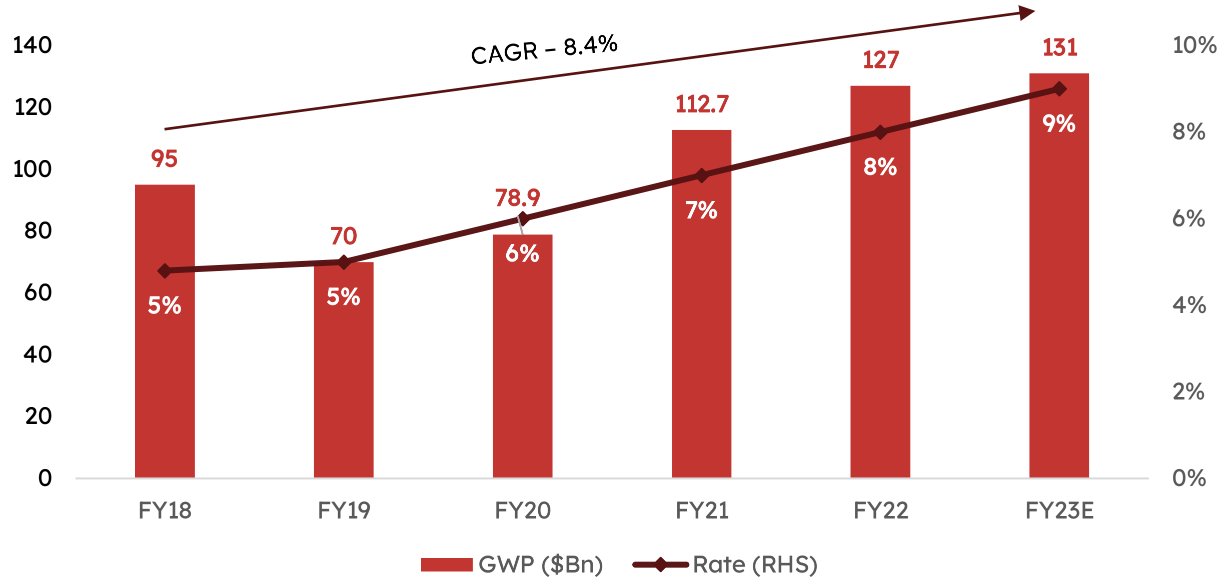
Micro Insurance – Zopper helpd last-mile brokers with smaller, personalized insurance products

Sources: NTT, Crunchbase, Tracxn, Research team analysis.

India Insurance Landscape

India was the fastest-growing insurance market in 2022, expectedly growing by 9% CAGR as it became the 9th largest life, and 14th largest non-life insurance market

India Insurance Market 2018 – 2023E, *GWP and Growth Rates*

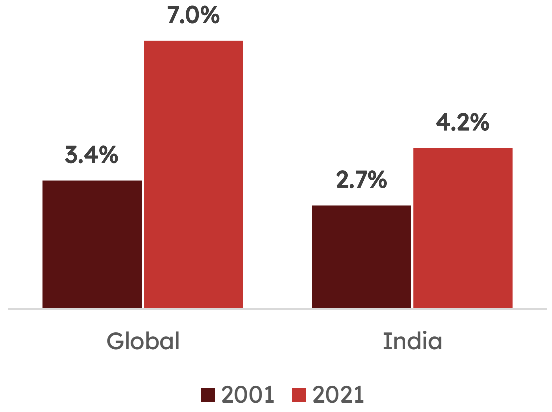


India is ranked **11th in the world when it comes to insurance gross written premiums**, or GWP, also known as insurance volume. Sector's five-year CAGR from 2018 to 2023E stands at 8.4%, much higher than the global five-year CAGR of 2.4%, despite a 26% degrowth in 2019.

Despite a tough global environment in 2022, total insurance premium in India increased by 13.5% in 2021, compared to the global average of 9%. India's GWP growth continues to out-grow GDP growth. Since 2020, the GWP has increased by 14%+ per year growth rate despite rising inflation and interest rates, and a persistent probability of global recession haven't put a break on growth of insurance.

India's insurance penetration at 4.2% in 2021 has seen highest growth, with life at 3.2% being 2X+ of other emerging markets, and non-life at 1%

India Insurance Penetration Rate – *2020 vs. 2021*



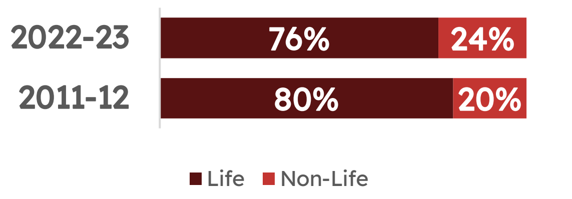
Rise in India's insurance penetration has been in sync with the growing share of private insurance players significantly, leading to lower cost of servicing claims and growth in gross premium revenues.

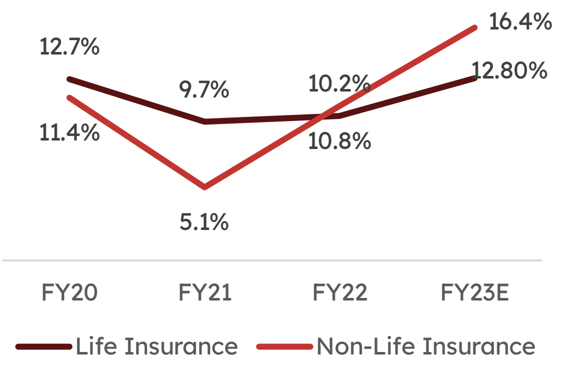
Share of public insurance players, such as LIC, Oriental Insurance, SBI Life/ SBI General Insurance, etc. has fallen from over 72% in 2013-14 to 57% in 2021-22 indicating efficiencies in technology and operations with more private carriers and digital-first InsurTech platforms..

Sources: Insurance Regulatory Authority of India (IRDAI), Economic Times, Research team analysis.

India's insurance mix of life and non-life has pivoted in the last ten years towards non-life, even as both segments continue to be extensively underpenetrated

Indian Life and Non-Life Insurance Mix and Growth Rates





At 24%, non-life market share has consistently grown over the last ten years, from less than 20%. Share of private non-life insurance companies has witnessed a sustained increase to 64% for YTD FY24, from 62% in FY23 and 59% in FY22.

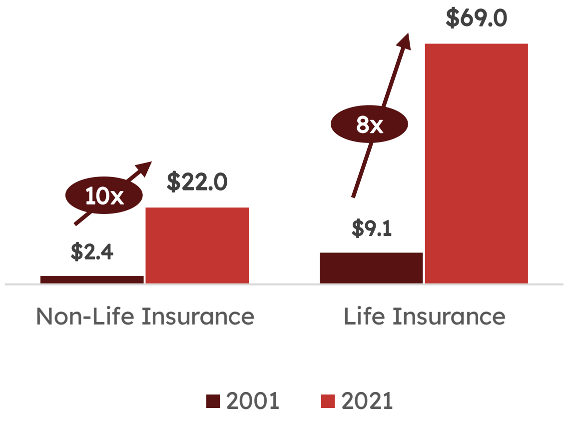
Post-COVID, non-life insurance witnessed temporary dip in growth rate to 5.1%, the slowest growth in a decade. However, FY22 and FY23E growth rates at 10.8% and 16.4% expected are faster than life.

10X growth in premium per capita for non-life insurance indicates a trend that India's asset base has grown for motor (private and commercial, and towards higher-status vehicles) and property.

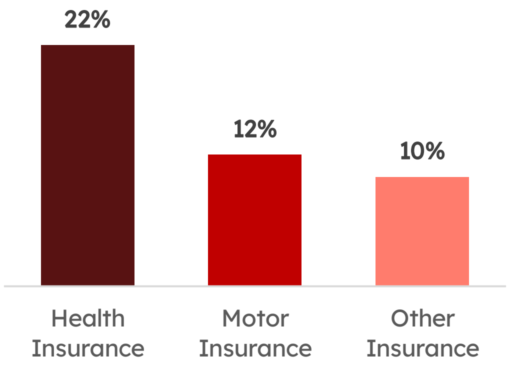
Coupled with growing awareness among the rising middle class about the need to reduce out-of-pocket spend on healthcare by prioritizing family health insurance, non-life insurance is bound to grow faster.

India's non-life insurance growth has also been more sustained, unlike global. A balance between absolute active consumer base and premium per capita rise in non-life has been driven by the booming services sector (Tech, BFSI, Retail etc.) which has helped increase middle class through job creation.

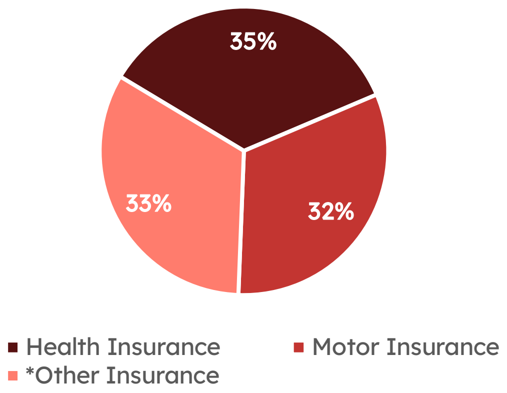
India Insurance Premium Per Capita – *2001 vs. 2021*



Key Non-Life Segments' Growth Rates, *(CAGR since FY18)*



Key Non-Life Segments' Market Share, *FY23*



*Other insurance includes Property, Crop, Margin, Fire & others etc.
Sources: Insurance Regulatory Authority of India (IRDAI), Economic Times, Research team analysis.

The Indian health insurance industry reported a growth of 26.3% in FY22, making it the largest non-life insurance sub-segment with a market share of about 36%, followed by the motor segment at 32%.

For the low-income population, government intervention through central/state-run schemes in non-life segments has driven both awareness and penetration:

- In Health – INR 5 Lakh healthcare cover through PM Jan Arogya Yojana
- In Motor – Mandatory 3P insurance cover has led to better premium collection through raised 2W/4W basic insurance cover

Yet, the potential untapped market for non-life in India is immense:

- ~95% of the properties are unprotected against natural disasters
- >50% private vehicles are uninsured
- ~50% of health expenses are still borne 'out-of-pocket'

Digital India mission and standardization of India's tech stack approach, inspired by UPI's success, will aid rapid growth of the insurance market over the next 5-7 years

Technology Investments Driving Access, Adoption and Affordability for Indians

Digital India has majorly solved for the Access challenge, with:

- Active internet subscriptions rising to 900+ Mn by 2025
- Smartphone penetration at over 1.1 Bn by 2025
- Data usage exceeding 20GB per user per month by the end of 2023, and nearly doubling by 2024 with the mainstreaming of 5G-enabled devices
- Nearly 500 Mn user base of 5G-enabled devices in India by 2030

*Other insurance includes Property, Crop, Margin, Fire & others etc.
Sources: Insurance Regulatory Authority of India (IRDAI), Economic Times, NPCI, IAMAI, GSMA, Research team analysis.

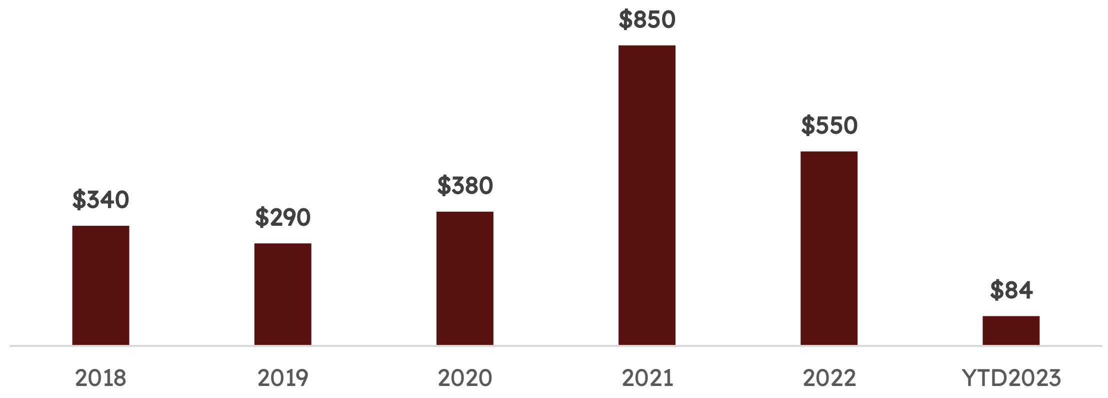
Rapid growth of India’s tech startup funding to become the world’s third largest has led to a booming InsurTech startup ecosystem with $2.6 Bn investments since 2018

Technology Investment of InsurTech Companies

Rising InsurTech Funding

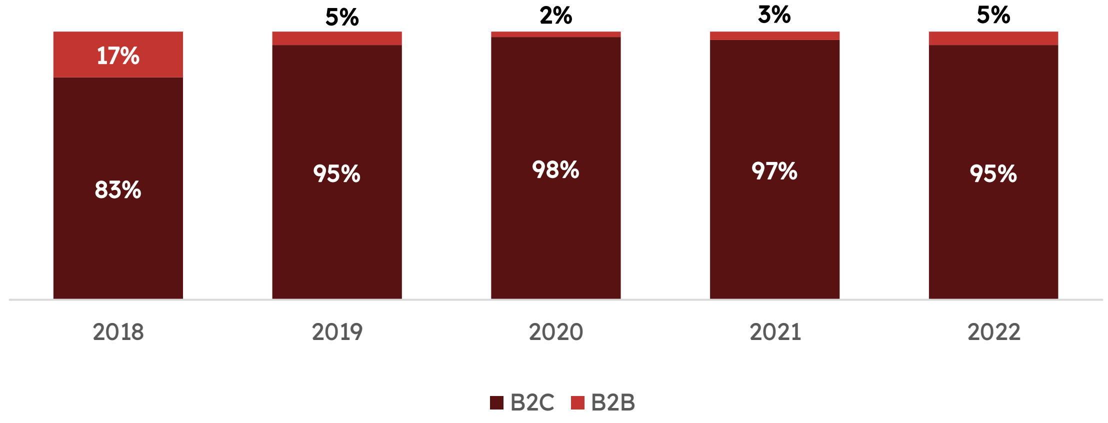
~$2.6 Bn Funding in last five years

Equity Investments in InsurTech India, *2018 – YTD2023 in $ Mn*



Awareness: ~90% of the $2.6 Bn funding in InsurTech has been invested into B2C or aggregator platforms or end-to-end InsurTech players. With digitally-aided distribution models becoming successful in other fintech segments of micro-payments, micro-lending, and micro-finance also, InsurTech has gained from this funding focus in creating more awareness about insurance among consumers.

InsurTech Funding into B2C vs. B2B Models in India, *2018 - 2022*



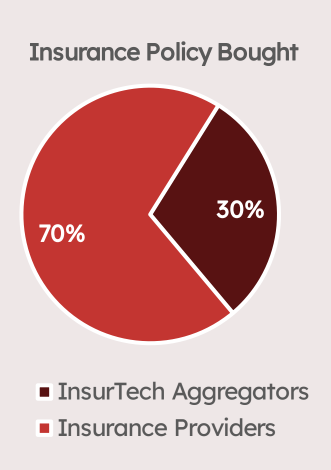
Access: Focused funding into B2C InsurTechs, such as Plum, Acko, Digit, PolicyBazaar, etc. indicates that the Indian InsurTech market is coming of age from a limited focus on improving customer frontend to solving for accessibility of insurance products and services. 6-in-7 InsurTech unicorns in India are B2C helping solve for the access challenge in order to improve the 1% penetration.

Adoption: Indian insurance consumers value post-purchase experience more. However, investment in B2B InsurTechs that deploy analytics-enabled capabilities to offer custom/dynamic products, parametric risk assessments, policy administration, and automated claims processing is only 10% of the total funding, as against 80-90% globally. This is largely because traditional insurers in India were slow to adopt technology but with growing share of private and digital first insurers this trend should change in next five years.

Sources: Crunchbase, Tracxn, Insurance Regulatory Authority of India (IRDAI), Research team analysis.

InsurTech Aggregators, in particular, have gone up to 30% market share, from nearly zero before 2018, taking insurance directly to the customer

InsurTech Providers'/ Aggregators' Growth in India, *2018 – YTD2023*



4X to 5X – Growth in GWPs of funded aggregators, vs. traditional insurers

10% to 30% – Market share of InsurTech aggregators from 2018

50%+ – GWP growth of top aggregators between FY18 and FY22

- **132%** - Acko
- **74%** - Digit Insurance
- **46%** - PolicyBazaar

All Traditional Carriers – Have partnered with InsurTech aggregators as distribution partners by 2023, up from 10 in 2018

15 Traditional Carriers – Have co-created products with aggregators

Emerging Innovative InsurTech Business Models/ Products in India

Reducing Cost of Non-Life Insurance Products	**Custom Low-Cost and Discounted Products** • Telematics-Based Auto Insurance – InsurTechs offer discounted telematics-based auto insurance with help of devices installed in vehicles. These devices measure driver behavior and driving conditions • Pay-As-You-Live Insurance
Digital First InsurTech Players	**Embedded End-to-End Digital Tech** – Digital-first insurers take a tech-first, integrated data approach across the value chain **Personalized Products** – Acko and Digit have helped create personalized products with dynamic pricing **Growing Market Share** – 2-3% market share growth driven by increased penetration of group healthcare products in B2B2C segment (Onsurity) and D2C health and motor insurance (Acko/Digit)
Standardized Products	**Focused Crop Insurance Start-Ups** – InsurTechs and traditional insurers helped grow insured gross cropped area from 15% in 2006-2007 to 30% in 2019-2020 **Standardized Marine & Liability Insurance Products** – Greater volume of transactions under marine and liability insurance, at 21.4% and 16% respectively in FY23 due to rise in per capita / disposable income levels
Wellness/ Preventive Health Products	**Goal Based Products** – Preventive care and custom wellness wherein policyholders can earn health rewards by staying active and meeting specific health goals (Aditya Birla Health Insurance's Activ Health Policy, HDFC Ergo myHealth Suraksha Silver etc.) **Wellness-Driven Health Insurance Products** – Comprehensive health insurance coverage along with wellness benefits wherein policyholders can access a range of wellness services, including discounts on fitness centers and health assessments (Reliance General Insurance's Health Infinity Plan etc.)

Sources: Crunchbase, Tracxn, Insurance Regulatory Authority of India (IRDAI), Research team analysis.

Legacy insurers have typically been slow on tech adoption, but with the InsurTech boom, collaborations across the value chain are becoming a norm

Technology Investment of Traditional Companies

Indian Insurer Tech Spend

~INR 16,650 crore annual technology budget of an industry of the size of nearly INR 2 lakh crore

Historically, 80-90% of the insurer's technology investment has been into legacy technologies. Since 2018, with the emergence of InsurTechs, traditional insurers acquired the partnership route with InsurTech platform and tech providers to solve for access, adoption and affordability. Focus has been on technology-enabled customer acquisition, customer experience enhancement, and streamlining of core transaction systems.

Customer Acquisition

Building Intelligent Experiences

- Mantra Labs works with Religare, DHFL Pramerica, Aditya Birla Health, etc. to transform complete customer lifecycle

Tech-Led Customer Acquisition

- All 67 Indian insurers partner with online aggregators, such as PolicyBazaar, InsuranceDekho, Coverfox, Easypolicy to exploit digital distribution economies-of-scale

Customer Experience

Traditional insurers invest in own digital platforms

- Bot Customer Assistance has elevated both buying and claim experience
- LIC Mitra, BIMA Bot (New India Assurance), NYRA (National Insurance) are select examples

Insurance Operations

Traditional Insurers explore AI/ML & analytics solutions

- Predictive analytics for claim prediction & processing.
- AI/ML algorithms for risk assessment, policy administration and claims processing

Traditional-InsurTech Collaborations

Incubation, capital investment, co-creation, partnership / distribution, and tech integration

- **SBI General Insurance's Innovation Sandbox** – invites startups to collaborate and experiment with SBI General Insurance's resources, data, and expertise to develop innovative insurance solutions
- **Reliance General Insurance's Risk Assessment Accelerator Program** – incubates InsurTech startups that focus on risk assessment and management
- **Aditya Birla Health Insurance's Insurtech Innovation Challenge** – focuses on incubating and accelerating HealthTech InsurTech startups
- **ICICI Lombard InsurTech Accelerator** – focuses on incubating and accelerating InsurTech startups across value chain
- **Munich Re's HSB IoT Innovation Center** – focuses on incubating and accelerating InsurTech startups that leverage IoT technology for insurance solutions

Sources: Statista, Acko, Company websites, Research team analysis.

Not only partnerships to incubate/accelerate InsurTech startups, but late-stage growth funding and product innovation collaborations are beginning to emerge

Technology Investment of Traditional Companies

Capital Investment

15-20% of total InsurTech funding driven by traditional insurers

- Reliance General Insurance and Tata AIA Life in PolicyBazaar
- SBI General Insurance and HDFC Ergo in Digit
- Aditya Birla Capital in Turtlemint
- Bajaj Finserv in Plum

Co-creation Partnerships

Across product, risk analytics, claims processing, customer service, distribution, tech integration

Custom Product
- Digit Insurance and Plum's Health Insurance
- Aditya Birla Health Insurance and Healthi's Personalized Health Plans

Digital Distribution
- Bajaj Allianz and Acko's Digital Distribution

Digital Claims Processing
- HDFC Ergo and Digit Insurance's Claims Processing

Digital Customer Experience
- Future Generali India Insurance and Digit Insurance's AI Chatbot

Sources: Company websites, Research team analysis.

Regulator (IRDAI) and government initiatives are also focused on accelerating technology innovation for access and affordability, along with creating industry standards

Active Government Policies Facilitating Insurance Market Deepening and Citizen Inclusion in India

Affordable Insurance	▪ For EWS, marginalized, and BPL segments ▪ **Ayushman Bharat Yojana** – PM Jan Aarogya Yojana (PM-JAY) offer free-of-cost basic family health insurance coverage of up to INR 5 lakh ▪ **Pradhan Mantri Jeevan Jyoti Bima Yojana** helps with insuring life of low-income underserved customers
Market Competitiveness	▪ **74% FDI** in insurance sector (Up from 49%) ▪ **Divestment of government share** in public insurance firms – by open market operations and through institutional participation, along with consolidation for higher competitiveness
Product Innovation and Development	▪ **Digital Issuance** – Digital issuance has been increasing and with IRDAI allowing issuance through Digilocker, the process has received a major boost ▪ **Digital Health Infrastructure** – Ayushman Bharat Digital Mission (ABDM) is creating the necessary digital health infrastructure) reinforce the government's focus on digital ▪ **National Health Stack** – Emergence of National Health Stack is expected to transform health insurance ▪ **Health Claims Exchange and Bima Sugam** – Deepen insurance penetration and simplify the claim procedures
Data and Digital across Insurance Value Chain	▪ **Wearables Data** – Enabling usage of wearables data in health insurance to improve risk assessment ▪ **Dynamic Pricing / Premium Rates** – Recommends using data-driven technology to offer dynamic premium pricing based on customer driving patterns ▪ **Data Value** – IRDAI's CS Guidelines 2023 include the value of an asset excluding the value of the data it contains ▪ **Portability** – Allows data access for portability of health insurance
Strategic Investments	▪ **SPV for PE Investments** – Private equity (PE) funds can invest in insurance companies through special purpose vehicles (SPVs) with a five-year lock-in period ▪ **Equity investments by Insurance Companies** – Can invest in equity shares of listed companies that have paid at least 10% dividend for two consecutive years. Exposure can increase from 10% to 12%, depending on the size of their controlled fund

Sources: IRDAI, NHA (PM-JAY), MoF's Department of Financial Services, Research team analysis.

Growing InsurTech funding and partnerships, robust policies, and cost-conscious buyers have accelerated digitalization of the value chain

Traditional insurance value chain in India, heavily dependent on extended agent/broker workforce, and increasingly on financial services aggregators, has started pivoting to a digital-first value chain with the success of digital aggregator platforms that solve the biggest challenge of reach or access. More players – traditional and InsurTechs – realize the importance of leveraging customer data to deliver custom products, improve buying experience, expand digital services, and retain customers.

Insurance Product Development

- Data-Backed Tailored Products
- Parametric Insurance
- Usage-Based Insurance
- Peer-to-Peer Insurance

Marketing and Sales

- AI Product Recos.
- Online Comparison
- E-KYC
- Digital Marketing
- Embedded Insurance
- Chatbots and AI-Based Assistants

KYC, Underwriting, and Policy Purchase

- Virtual Inspections
- Automated Underwriting
- Cognitive Underwriting
- Telematics for Motor Insurance
- AI-Based Risk Assessment
- Digital Wallet Integration
- Self-Service Portals
- One-Click Purchase
- Blockchain-Based Core Systems

Claims Management

- Digital Claims Filing
- AI-Driven Claim Assessment and Processing
- Blockchain-Backed Fraud Mitigation Solutions
- Blockchain-Based Automated Claim Payouts

Customer Engagement and Retention

- Personalized Communications
- Predictive Analytics for Churn Prevention
- Behavior-Based Pricing

Integrated Insurance Backend, Mid, and Front office processes

Traditional Value Chain

Digitalized Value Chain

End-to-end Platforms

Sources: Company websites, Research team analysis.

Despite rising tech intervention, India’s digital insurance market is slow-growing and legacy technology investments are eroding customer lifetime value

Current Challenges in Digitalization of India’s Insurance Providers

Poor Customer Experience

InsurTechs focused on solving purchase issues for B2C and B2B customers. However, end-to-end experience remains largely unchanged.

Poor claims experience, complex products and legal language makes post buying experience difficult.

Inefficiencies in Insurer Business Model

Legacy tech stack and analog process design hamper the agility of traditional insurers.

Low customer lifetime value for new age InsurTech – short-term customer acquisition focus rather than leveraging technology to build sustainable customer lifetime value.

Limited Product Innovation

Post-purchase experiences have seen limited innovation – inadequate use of analytics/AI in pricing and underwriting, largely unchanged and commoditized insurance products.

Cultural challenges despite new-age tech, traditional insurers have been pushed to change post COViD-19.

Tough to Model Newer Risks

Legacy products with fixed, inflexible risk covers completely unfit for changing lifestyles, demographic mix, rising climatic disasters, and highly volatile geopolitical and macroeconomic scenarios.

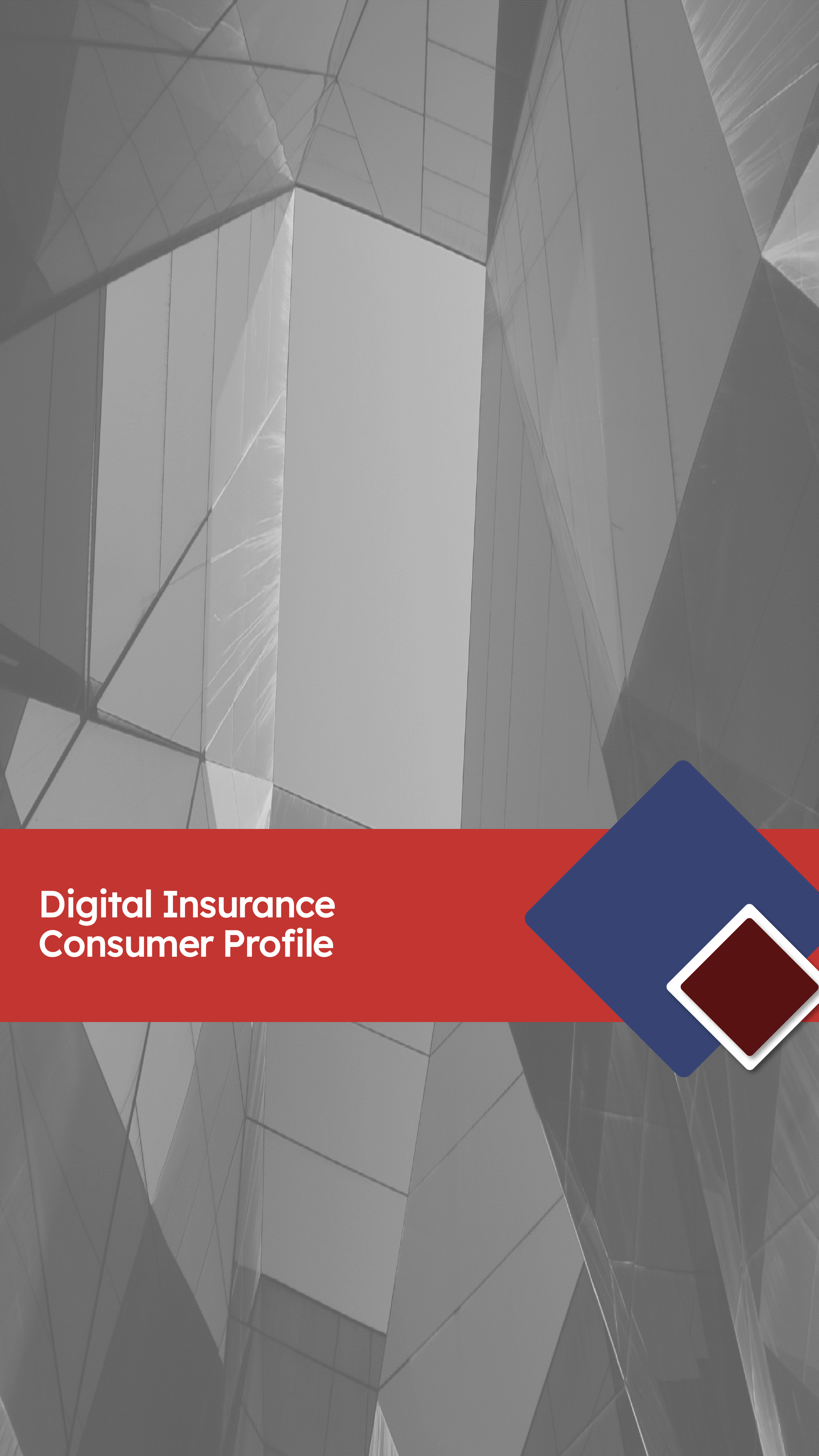
For instance, founder insurance, brand-driven car insurance, or real-time cover expansion for an impromptu hiking trip, etc.

Distribution Channels Broken

Traditional branch-based insurance buying behavior needs a revamp with the digital-first generation preferring multi-touchpoint channeling.

For example, offline experience centers of digital-first direct-to-consumer aggregators or InsurTech providers, such as PolicyBazaar.

Sources: Research team analysis



Digital Insurance Consumer Profile

Digital Insurance Consumers' Profile

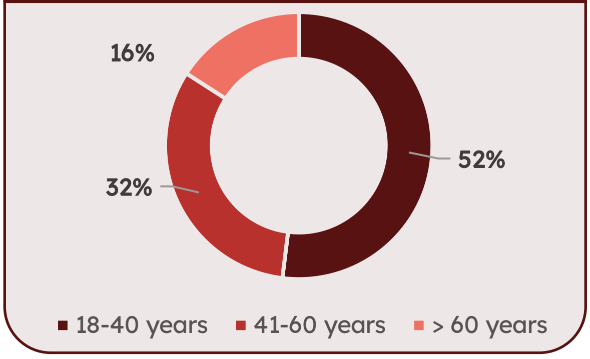
Access to smartphones, cheap data, and mobile Apps has led to a generational shift in digital consumption, particularly beyond Tier 1 locations. Financial technology stands transformed with platforms, cloud, and APIs driving massive inclusion, such as that driven by the Unified Payment Interface (UPI) of India. Technology has further revolutionized diversity participation in non-frequent purchase decisions, such as in buying insurance.

According to a 2019 study by the Global Web Index, 50% of the global insurance buyers were active internet users, equally split between men and women, and had a younger demographic skew. The pandemic has only furthered the importance of digital.

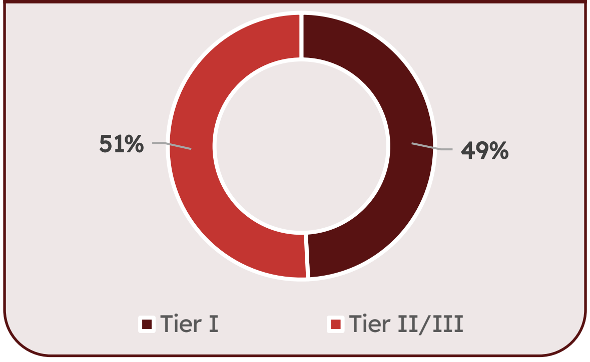
Our survey of 2000+ Indian end consumers of non-life insurance was conducted keeping the shifting global trend in mind. We have hypothesized that age, location (city tier), and gender matter more in decisions related to insurance. Further, digital savviness, measured as the frequency of digital transactions in a month, was an important factor in deciding the base survey population.

Overall Respondent Profile

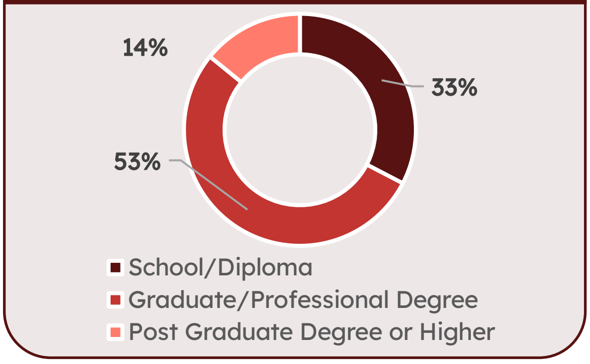
Age



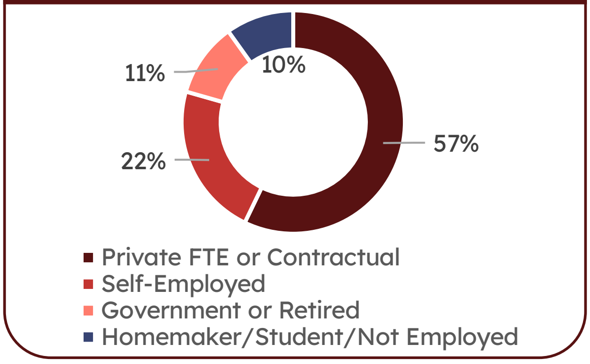
Location



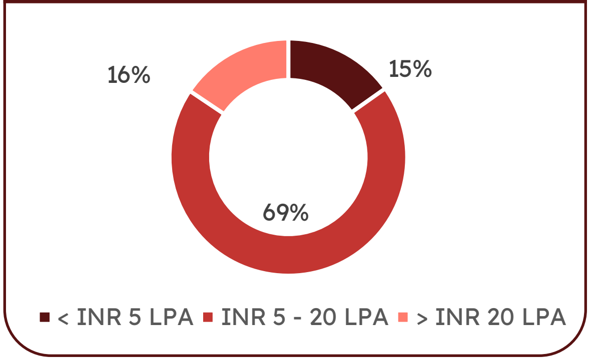
Education



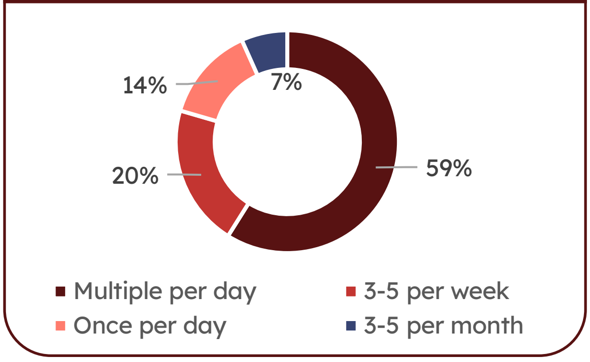
Employment Status



Income



Digital Payments



Sources: Global Web Index Q42019, nasscom survey of 2000+ digitally-active retail insurance consumers, Research team analysis.

Non-life insurance adoption is less correlated with broader age groups, but more with nuanced life priorities that change with age

Insurance needs change significantly with age. While health insurance is the most bought non-life insurance across all age groups, purchase in the 41-60 age bracket is the lowest, replaced by home insurance which is highest for this segment. Interestingly, more women in the 40+ age group buy insurance despite higher rate of job exits in this age group. Further, younger women prefer physical or hybrid modes more than senior women. Middle-aged consumers, in general, have also been found to not renew their insurance policies regularly, as only 34% of such respondents had an active policy, compared to 65% for the rest. In the senior citizen group, surprisingly highest traction of digital payments, once or more in a day, correlates with strong insurance buying trends.

Digital Insurance Adoption by Age, *2023 India Trends**

52%	32%	16%

18-40

<50% prefer digital-only insurance, despite being digital natives

- 77% Health | 44% 2W Motor | Travel less prevalent
- ~50% have used digital insurance platforms for <3 yrs
- 61% intend to buy more policies, expand services and recommend digital insurance

41-60

At **32%**, highest buying of home insurance, but health compromised

- 65% Health | 38% 2W Motor | 32% Home
- 42% have used digital insurance platforms for 3-5 yrs
- 65-75% will buy more policies, expand services and recommend digital insurance

> 60

81% use digital payments at least once a day, defying age-related perception

- 84% Health | 54% 2W Motor | 15% International Travel
- 37% have used digital insurance platforms for >5 yrs
- 65% will buy more policies, expand services and recommend digital insurance use

Common Trends

Preferred Sources
1. Traditional provider website and app
2. Aggregators
3. Brokers

Preferred Channels
1. Branch visit
2. WhatsApp
3. Mobile app
4. Call

Most Used Digital Insurance Services
1. Policy purchase
2. KYC
3. Policy search and selection

Least Used Digital Insurance Services
1. Top-ups/ Riders
2. Grievance submission
3. Policy renewals

Top Awareness Sources
1. Social Media
2. Online Search
3. Provider Website

Nearly 60% of senior citizens, most likely aided by their younger family members, use social media to learn about insurance offerings, while the 41-50 aged consumers seek diverse opinions across online self-help, social media, and family and networks. The latter segment also shows highest propensity to switch providers, with 75% somewhat or very likely to do so.

Across age groups, while 80%+ buyers cite challenges with sharing personal and financial data online, and 2-in-3 want help of a human agent, less than 25% respondents indicated seeking stronger authentication even as 67% seek more personalized online search and comparability services. The third biggest challenge is that of inadequate product/service information online, and 85%+ of users across age groups want better, simplified product information.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Digital technology access has nearly eliminated the erstwhile gender gap in accessing and availing financial services, including insurance

Gender has ceased to be a differentiator in the propensity to transact digitally. Digital financial inclusion has also eliminated inaccessibility as the biggest challenge for the traditionally non-mainstream transgender segment, with 82% of these respondents reporting one or more daily digital transactions. Insurance services via digital medium are most sought among all genders, although nearly 47-49% women and transgenders prefer a hybrid mode compared to 42-44% men. Buying behavior is similar across gender segments, although when approaching grievance redressal, women prefer to take a more authoritative route by approaching original providers or the insurance ombudsman, rather than going to aggregators or brokers.

Digital Insurance Adoption by Gender, *2023 India Trends**

48% | 43% | 9%

Male

<56% prefer digital-only insurance

- 71% Health | 41% 2W Motor | 23% International Travel
- 56% have used digital insurance platforms for >3 yrs
- 63-65% will buy more policies, expand services and recommend digital insurance use

Female

65% women currently hold at least one policy

- 74% Health | 45% 4W Motor | 26% Home
- 57% have used digital insurance platforms for >3 yrs
- 63-65% will buy more policies, expand services and recommend digital insurance use

Trans-gender

53% prefer digital-only insurance

- 89% Health | 40% 2W Motor | Business less relevant
- 58% have used digital insurance platforms for >3 yrs
- 70%+ will buy more policies, expand services and recommend digital insurance use

Common Trends

Why Digital Insurance?
- Simplified content, comparability, and 24*7 access procurement
- User-friendly web interface
- Paperless transaction process

What More Features?
- Easy-to-understand online policy content
- Personalized search
- Simplified documentation uploads

What New-age Tech?
- Virtual branches
- Unified, smart KYC
- Gamified educational videos

Women show greater propensity to expand existing digital insurance services, for instance, from policy search, selection, and buying, to policy claims, renewals or top-ups. This also correlates with the current challenges that women report in using digital mode for purchase and post-purchase insurance needs. More women report problems with connectivity, failure in executing transactions the first time, and broken or inadequate online customer support. Women also report higher instances of differential servicing when buying a policy through aggregators or brokers than directly through carriers.

Satisfaction with digital insurance purchase, despite the experience and eagerness, is still only 20-22% across gender segments. This is primarily on account of widespread concerns with sharing personal and financial information online, and lack of adequate self-help as majority users seek human experts to guide through the digital processes.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Growing internet penetration and cheap data have reduced digital access gap between Tier I and Tier II+ locations, evident in digital insurance usage

Location-related digital consumption gaps are tending towards minimal ever since the pandemic, coupled with 10%+ CAGR of net new internet user addition across Tier 3/4/semi-urban and rural India since 2018.

Trends in digital transactions and in sustained use of digital insurance platforms over 3 years are similar across Tier 1 and Tier 2/3+ locations. However, high-income buyers in Tier 1 prefer hybrid mode of operations, indicating the likely need for expert human advice to cover high-value assets. Tier 1 buyers also prefer keeping their insurance policies current and active – 65% indicating this vis-à-vis 58% across Tier 2/3+.

Digital Insurance Adoption by Location, *2023 India Trends**

49% | 51%

Tier I

74% does multiple transactions per day

- 74% Health | 72% Motor | Business less prevalent
- 51% prefer hybrid mode to purchase insurance
- 58% have used digital insurance platforms for >3 yrs
- 40-45% will buy more policies, expand services and recommend digital insurance use

Tier II/III

72% does multiple transactions per day

- 74% Health | 76% Motor, more 2W policies bought
- 57% prefer digital only mode to purchase insurance
- 55% have used digital insurance platforms for >3 yrs
- 35-40% will buy more policies, expand services and recommend digital insurance use

Common Trends

Equally Less Preferred Policies

- Domestic travel
- International travel
- Business/Home

Primary Challenges in Digital Insurance

- Sharing personal and financial information
- Lack of in-person guidance
- Lack of self-confidence in executing the digital process

Most Satisfactory Digital Insurance Processes

- Policy search and selection (81% across both tiers)
- Customer support services (75%+)
- Claims initiation (65%+)

While most aspects across tiers are common, the way Tier 1 vs. Tier 2/3+ buyers use the various services reveals many differences. 87% of those Tier 1 residents that purchase insurance digitally report high levels of satisfaction with the process, compared to 79% of Tier 2/3+. Same is true for KYC and document submission with Tier 1 more satisfied with the digital process. However, Tier 1 buyers report lower satisfaction than their Tier 2/3+ counterparts in claims settlement, grievance submission and redressal, policy surrender and maturity settlement, and getting the right top-ups and renewals. Variability in satisfaction levels, though, does not seem to affect digital insurance preference as 64-68% buyers are somewhat or very likely to recommend it agnostic of location.

Note: Tier I – Metros of Bangalore, Delhi NCR, Chennai, Hyderabad, and Mumbai; Tier II/III+ – all other cities, up to semi-urban classification
Sources: nasscom survey of 2000+ digitally-active retail insurance consumers, Research team analysis.

Education, income, and working status also impact consumers' insurance choices by driving up awareness, affordability, and product options

Digital Insurance Adoption by Users with Graduate or Higher Degree of Education*

54% users prefer digital-only insurance mode

73% post graduate users currently hold an insurance product vs. 61% overall

98% users prefer buying insurance via traditional carriers' website or App

70% users will expand services or buy more insurance digitally

Digital Insurance Adoption by Users with Active Employment*

55% users prefer digital-only insurance mode

94% of the overall 3% users that have all 3 insurances – home, health and motor – are employed

58% users have had an insurance policy for over 3 years

69% users will expand services or buy more insurance digitally

Digital Insurance Adoption by Users with Income between INR 5-30LPA*

56% users prefer digital-only insurance mode

59% users only currently hold an insurance product vs. 61% overall

89% users prefer buying insurance via traditional carriers' website or App

67% users will expand services or buy more insurance digitally

Education has a deeper impact on insurance consumption behavior and the propensity to continue as an active insurance consumer, over employment status and income level, in general.

Although, income level influences the type of insurance products chosen, for instance, 35% of the respondents with annual income more than INR 20LPA purchase business insurance as against <18% overall.

Duration of Association
Highest average CSAT of 94% for post-purchase services reported by respondents who have been using digital platforms for more than 5 years.
People associated with these platforms for 3-5 years indicated an average CSAT of 88%, while those associated with 1-3 years indicated an average CSAT of 73%.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Insights from Insurance Consumers' Journey

End-to-end analysis of an insurance customer's journey reveals that policy search, selection and purchase services are most used digitally, with high satisfaction

Mapping Insurance Customer's Journey and Digital Experience, *Purchase Services*

Mapping a customer's insurance journey reveals nuances about usage at each stage, more so digitally. Policy search, selection and purchase are the most used insurance services, particularly through digital platforms, and at each stage, users report high levels of satisfaction with the digital experience.

Is Insurance Needed?

Yes

- 68% Current policy to continue
- 67% Need to top-up or expand services
- 63% Buy more policies for other needs
- 39% Had policy in past, need to restart

Percentages exceed 100% as respondents selected multiple options, such as both expanding services and buying more policies

Type of Insurance

74% Health	**39%** 2W Motor	**36%** 4W Motor	**21%** Comp. Home	**19%** Home Structure	**18%** Business	**18%** Global Travel	**18%** Domestic Travel

Not adding to 100% as multiple options allowed

Mode of Purchase and Use

- **47%** Digital-Only
- **41%** Physical + Digital
- **12%** Physical-Only

84% Carrier App/Web	**49%** Aggregators	**48%** InsurTech App/Web	**46%** Brokers	**14%** Employer

Insurance Purchase Journey

Did you search and compare policies before buying?

50% searched and compared policies ❯ **55%** searched and compared digitally ❯ **81%** digital users highly satisfied

37% of digital-only buyers use the search and select feature | 60% use this feature online (vs. physically) | 84% of online selectors are highly satisfied with this insurance service. Interestingly, 96% of insurance consumers use social media and online information to learn about insurance policies, relying much lesser on friends and family advice alone.

Did you purchase policy post searching?

48% users purchased policies ❯ **57%** purchased policies digitally ❯ **82%** digital buyers highly satisfied

67% of the buyers who indicate using digital-only platforms buy insurance policies online and 84% of those report high satisfaction with the digital purchase process

Did you submit documents for KYC?

43% users submitted KYC documents ❯ **75%** submitted KYC documents digitally ❯ **72%** buyers highly satisfied with digital KYC

75% of the buyers who indicate using digital-only platforms use these online channels to submit KYC documentation but only 70% report high satisfaction with digital KYC

52% users searching and comparing policies on aggregator websites/Apps are highly satisfied; while an equal percent is highly satisfied in using traditional carrier websites/Apps for KYC document submission. Since the study selectively surveyed digitally active users, these usage trends suggest massive untapped consumer base with existing tech-led offerings.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Analysis of post-purchase services usage indicates the need to rethink their design and delivery to improve customer satisfaction, retention, and sales

Mapping Insurance Customer’s Journey and Digital Experience, *Post-Purchase Services*

Mode of Purchase and Use

47%	41%	12%
Digital-Only	Hybrid/Part Digital	Physical-Only

Insurance Post-Purchase Journey

Claims initiation, renewals, claims settlement, and customer support are most used post-purchase services, although use of post-purchase services is much lower compared to the purchase services. Yet, satisfaction with digital mode is strong.

Post-Purchase Service Categories		Service Usage Level	Usage via Digital Mode	Satisfaction with Digital
Claims	Claims Initiation	31%	48%	66%
	Claims Settlement	28%	57%	68%
Grievances	Grievance Submission	18%	58%	68%
	Redressal	18%	41%	62%
Renewals/ Top-Ups	Top-Ups/ Riders	16%	36%	71%
	Renewals	29%	45%	82%
Surrender/ Maturity	Policy Surrender	23%	59%	74%
	Maturity Settlement	18%	42%	76%
Customer Support		28%	58%	77%

*The **overall use of a service** (via physical or digital means), in particular the **digital use**, and **satisfaction with digital use** – these three factors combined – convey important learnings about the use of post-purchase insurance services. These insights provide answers to where the continuity of an insurance customer’s journey breaks, but also offer reassurance that more digitalization of these services is the way forward to increase customer acquisition, retention, and upsell.*

Service Use/ Satisfaction Rating

- High
- Medium
- Low

Usage versus satisfaction ratings together convey the relative lack of awareness among insurance consumers about the post-purchase services, the likelihood that these services get lapsed without being utilized, thereby resulting in lower retention and provider loyalty. However, use via digital means is growing and the high satisfaction levels with digital services suggest the need to make these channels more accessible and easy to operate.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Attributes of Highly Satisfied Digital Users of Post-Purchase Services

Demographic Differences

- 50%+ users across most post-purchase services are in 18-40 age group
- 41-50 age group sought more grievance redressal and maturity settlement

- 50%+ women seekers of renewals and maturity settlements in otherwise gender-neutral post-purchase trends

- 50%+ users doing top-ups and seeking customer support were from Tier 1

- 51% of renewals originated from users with sub-INR 10LPA income

Services Most Correlated with Customer Loyalty

- Digital maturity settlement services are most strongly correlated with all future decisions – 90% satisfied users plan to expand services, 86% plan to continue or buy more
- Customer support is also highly correlated with customer retention, with 88% satisfied users indicating continuing to use existing insurance services
- Grievance redressal is the third prominent service driving customer loyalty, with 90% satisfied users likely to recommend digital insurance

Contrary to perception, security breaches do not drive decisions to switch policy providers or consume less of insurance services online. Only 30% of those users who suffered a security breach were likely to switch policy providers.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

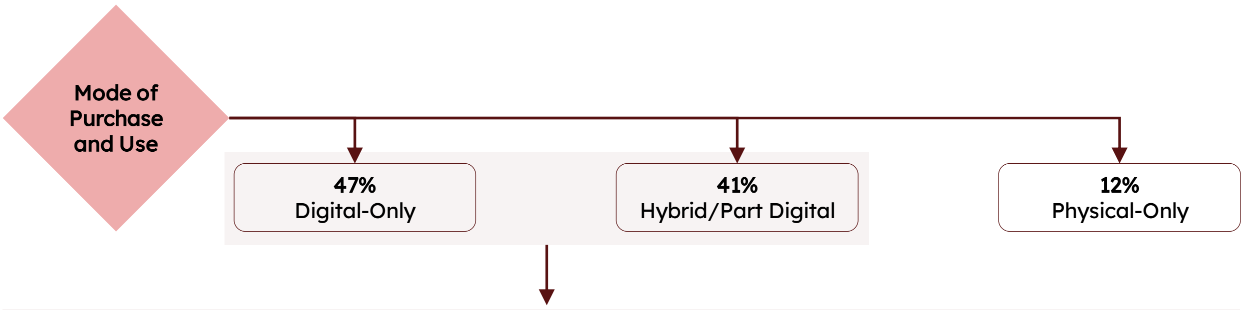
Customer commitment and wallet share towards insurance are not only a function of newer services, but also the quality of experience in base needs being met

65%+ of all respondents are somewhat or very likely to take favorable future decisions on continuing to use insurance services as-is or expanding or buying more policies. 2-in-3 consumers are likely to recommend digital insurance services to friends and family.

This expansionary future also creates opportunities for diverse players in the market. Evident in 62% of respondents somewhat or very likely to also switch providers, there is an opportunity for the traditional carriers and insurtechs to identify white spaces based on micro-segments of buyers to fill the demand-supply gap.

A contrarian revelation is that the probability of switching providers is higher among those respondents who have rated their digital usage experience to be highly satisfactory. 74% of such satisfied users will likely switch carriers.

Mapping Insurance Customer's Journey and Digital Experience, *Future Decisions*



Future Decision Avenues and Usage Recommendation

Analysis of users who are somewhat or very likely to make a favorable decision

Continue current policy as-is
- 73% users are **very likely** to continue forward their existing policy, a strong positive signal
- 78% of **highly satisfied digital users** likely to continue policy as-is

Top-up or expand services
- 53% users are **very likely** to expand or top-up existing policy
- 76% of **highly satisfied digital users** plan to expand services, mainly those with high customer service or maturity settlement experience

Buy more policies
- 56% users are **very likely** to buy more policies
- 78% of **highly satisfied digital users** plan to buy more services

Switch current provider(s)
- 62% users are **very likely** to switch policies; and ironically
- 74% of **highly satisfied digital users** are likely to do so, particularly those well-satisfied with maturity settlements

Recommend digital insurance
- 76% users – both overall as well as those highly satisfied with use of digital services – are **very likely** to recommend digital insurance

These future indications are encouraging when put in perspective to current decisions. For instance, while 48% users bought insurance policies, only 29% renewed and a lesser 16% did top-ups. With 53% users planning to expand services, future consumption is likely an uptrend.

Duration of insurance history, over 5 years, unsurprisingly, is correlated with greater propensity to be an active and exploratory insurance consumer. However, gender, age, and income differences do not unravel diverse trends when decisions are studied in aggregation.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Security and privacy of personal and financial data does emerge as a differentiating factor in consumers' decision to expand services or buy more. 40%+ of users who did not suffer any security breaches are very likely to buy more or expand services, and 55% of such users will recommend digital insurance, nearly 1.5-2X of their counterparts who suffered a security breach.

In reviewing the responses that chose **very unlikely** for each of the above-mentioned decisions, it is noteworthy that users that are very unlikely to recommend digital insurance, are not as unlikely to continue, expand or buy more, suggesting that recommendation is an experience-sharing exercise, while continuing or expanding insurance participation is a need-based decision.

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Digitalizing Insurance in India - Outlook

With growing digital usage, basic data privacy, access to human guidance, and reliable online services are more top-of-mind than new-age technology frills

Current Consumer Challenges with Digital Insurance

1	Personal and Financial Data Sharing Online	83%	Biggest challenge of the highly satisfied digital users also.
2	Lack of human expert guidance in the process	66%	Complex and difficult to comprehend policy terms cited by most.
3	Inadequate/ incorrect policy info online	36%	Consistent policy information in online vs. offline channels.
4	Confidence issues in self-executing online processes	28%	More Tier 1 respondents cite confidence issues vs. Tier 2/3+.
5	Broken connectivity and failure of first-pass transactions	17-19%	More women cite connectivity and first-pass through challenges.
6	Broken online customer support/ complex web interface	17-18%	Most users cite user-friendly interface as the driver for digital insurance.
7	Low post-purchase service quality/ differential servicing between providers and aggregators	7-9%	While this challenge is ranked lowest, use of post-purchase services is itself quite low.

Factors that Drive Insurance Consumers to Use Digital Services

- Simplified comprehension, comparison, and 24*7 access
- User-friendly web interface
- Paperless transaction processes
- Comprehensive mobile accessibility
- Competitive premium rates and discounts
- Seamless online policy issuance and servicing

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Future consumer preferences with digital insurance are centered around simple-to-understand, transparent, trustworthy, and personalized services

User Preferences for New and Enhanced Insurance Services

	Preference	
1	Easy to understand digital insurance knowledge material	Inline with the challenges of limited human expertise access and inadequate policy information.
2	More personalized search and comparability	Users prefer personalization despite online data sharing concerns and lesser need for competitive pricing.
3	Simplified document submissions, validation, and approvals	KYC submissions are a low at 43% of users, and if seamless, can create high level of satisfaction in digital users.
4	Simplified purchase interface with integrated payment options	With UPI-like platforms, secure payments integration is a basic digital insurance capability.
5	Two-factor or stronger identity and data privacy controls	Security is the primary concern, yet users do not afford much importance to security features, likely out of lack of awareness.
6	Faceless claims/maturity settlement with minimal contact	Claims initiation and settlement are most used post-purchase services, yet, faceless claims less sought over human contact.
7	Omnichannel and personalized customer support (CS)	High satisfaction with digital CS is the biggest driver of policy continuation, but users prefer basic, reliable CS only.

Key Tech-Enabled Future Services

	Service	Technology
1	Virtual insurance branch experience	**Insurance Metaverse** Integrated back/mid/front-office in a virtual environment
2	Unified KYC integrated with DigiLocker	**Digital Public Infrastructure (DPI)** Modernized, interoperable insurance stack for greater ecosystem value
3	Gamified educational videos	**Simulations, Automation** Automating standard processes to reduce human-led delays
4	Dynamic pricing and purchase recommendations	**AI, Big Data Analytics** Real-time pricing and product bundling for rapid lead-to-cash cycles
5	User-controlled data sharing across multiple parties	**Web3/ Blockchain** Digital identity and transaction traceability
6	Innovative payments and biometrics, or AI-led identity control	**APIs, AI, Cybersecurity** API-based payments integration, and AI-led underwriting, risk, and claims
7	Real-time services personalization with Generative AI	**Generative AI** Content summarization, recommendations for superior CX

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

Recommendations for the expansion of non-life insurance in India beyond its 1% penetration singularly emphasize the need to exploit partnerships and technology

InsurTech Provider Startups

- **Customer acquisition –** with tech-led experiences and voice-of-customer based GTM strategies should be primary focus, as against use of traditional marketing and branding focus (survey validates that digital experiences create customer stickiness)
- **Phygital/ omnichannel model –** to enable rapid and mass customer access (PolicyBazaar has opened 15 physical stores)
- **Incumbent partnerships –** as the default expansion strategy, combining startups' tech prowess with incumbents' reach (tech licensing or JVs or open access to marketplace as potential partnership models)
- **End-to-end tech stack innovation –** as opposed to point solutioning to fully optimize the insurance journey for a customer and reduce customer service time, improve experience, and lower the total cost of insurance
- **Customer-centricity –** with use of new-age technologies to personalize insurance solutions without compromising customer data privacy
- **Customer retention –** digital-first InsurTech providers should take the lead in establishing superior claims experience, by integrating the core transaction systems of claims, risks, and underwriting to improve claims settlement ratio – one of the metrics that most strongly affects retention and propensity to buy more

Traditional/ Incumbent Insurance Providers

- **Repositioning –** of the enterprise from a legacy insurance carrier to a digital-first insurance services provider – by leveraging new-age technologies, tech-led partnerships, and higher digital transformation/ innovation investments
- **Data and cloud focus –** build capabilities in data-led customer analytics and to offer "right-sized" and contextualized insurance solutions
- **Front/mid/back-office integration –** for seamless data exchange that will further streamline product development, policy pricing, feature bundling, customer services, and lead-to-cash customer acquisition processes.
- **Tech partnerships –** with insurtech insurance carriers and insurtech technology providers to tap into innovative solutions, pushing non-core tech to 3P experts while focusing on finetuning product and CX.
- **Customer-centricity –** eliminate time spent and customer experience shortfalls, particularly in the post-purchase stages as those determine customer retention

Government/ Regulators

- **Consistent regulations –** maintain a consistent, globally relevant, tech-enabling regulatory stance
- **Priority funding –** under the Startup and Digital India mission to InsurTech carriers and tech providers to enable scale and resolution of the severe insurance under-penetration in India
- **Priority vendor status –** by state-owned insurance carriers to InsurTech startups that have a proven business model to enable inclusion of underserved or rural populations and MSMEs
- **India insurance stack –** expedited on lines of DPI (UPI, ONDC, etc.) in the form of the soon-to-be-launched Bima Sugam platform to enable tech demand-supply alignment in the insurance sector in India
- **Data security, privacy guidelines –** for trust, transparency in digital insurance services
- **Citizen awareness –** campaigns that guide Indians towards availability of state insurance schemes, where applicable, and the need for private insurances for them and their family's future

Sources: nasscom survey of 2000+ digitally-active retail consumers, Research team analysis

"In the contemporary insurance landscape, the integration of cutting-edge technologies such as AI, ML, data analytics and digital is profoundly reshaping industry dynamics. Insurers have transcended their traditional roles as mere policy providers and claim payers; they've evolved into architects of data-driven customer journeys and builders of risk management strategies. These transformative technologies empower insurers to offer policies that are finely tailored to individual needs, expedite claims processing with unprecedented efficiency, and gain invaluable insights into customer behaviour.

In this digital-driven evolution, ICICI Lombard, as a leading insurance company, not only mitigates risks but also embraces opportunities, where data and customer-centricity are paramount. As the industry marches forward into this era of digitalization, it's about building enduring lifetime relationships with customers, enhancing and protecting their lives, and contributing to a more secure and connected world."

Mr. Girish Nayak
Chief - Technology and Health Underwriting & Claims
ICICI Lombard GIC Limited

Appendix

Case Study – ICICI Lombard General Insurance Company Limited

Company Overview

ICICI Lombard is the leading private general insurance company in the country. The Company offers a comprehensive and well-diversified range of products through multiple distribution channels, including motor, health, crop, fire, personal accident, marine, engineering, and liability insurance. With a legacy of over 21 years, ICICI Lombard is committed to customer centricity with its brand philosophy of 'Nibhaaye Vaade'. The company has issued over 32.7 million policies, settled 3.6 million claims and has a Gross Written Premium (GWP) of ₹ 217.72 billion for the year ended March 31, 2023. ICICI Lombard has 305 branches and 12,865 employees, as on March 31, 2023.

Positioning in the Insurance Value Chain

✓	Product Development	✓	Claims Management
✓	Customer Acquisition and Renewals	✓	Risk and Compliance Management
✓	Policy Sales and Servicing	✓	Technology Innovation

Problem Statement(s)/Use case(s)

Increased internet penetration and mobile data usage has made the world around us increasingly digital. Consumers today are benefitting from digital infrastructure such as UPI, Aadhar or the Account Aggregator framework. A physical-intensive industry such as insurance is undergoing rapid transformation. Agility, speed-to-market, new product development, customer centricity and self-service digital solutions are the need of the hour in the insurance industry. At the same time, the industry is transitioning from health insurance to healthcare where wellness programs, telemedicine services and home healthcare are changing customer behavior. Customers are looking at faster and more immediate ways of servicing – be it at the time of claims or during other interactions with their insurance provider. At the same time, SME and businesses are looking at new ways of managing their risks using latest technologies

Tech Solution(s) Offered

At ICICI Lombard, we continue to be focused on driving customer-centric digital transformation. We were amongst the first few to start selling general insurance products through the web / app or creating a comprehensive app (ILTakeCare) that takes care of our customer's healthcare and wellness needs. The app has now evolved to be a one-stop shop for all health and wellness needs and boasts of several technology driven features. Our SME and commercial business customers opt for new-age IoT based risk management solutions across logistics (consignment tracking), property (IoT based fire hydrant monitoring). We also do drone-based risk assessments for specific types of risks that are hard to physically inspect. Our private car customers can opt for newer products such as Pay As You Drive or Pay How You Drive that are based on telematics-driven driving behavior. Our motor break-in customers (customers that do not renew their policies on time) can opt for our AI-based break-in assessment that helps customers renew their insurance policies instantaneously. Our AI/M based health cashless authorization model helps customers get their cashless authorizations within 90 seconds. Our digital partnerships across fintech and Insurtech is helping increase reach and penetration of insurance products. Our Responsive Intelligent Assistant (RIA) is helping service customers across their lifecycle and across various digital platforms (Whatsapp, ILTakeCare, website, Visual IVR).

Metrics Impacted

The Cloud is at the heart of our digital transformation, and we are amongst the first large insurance companies to move all our core applications to the Cloud, this itself has helped us accommodate 40% increase in volumes with a 40% reduction in incident rates leading to improved scalability, reliability and efficiency.

At the same time, customer convenience has improved considerably as is evident from some of the below metrics:

- 97% of our policies are electronically issued,
- 95% of policies are automatically underwritten,
- 66% of our group health cashless claims are approved through our AI/ML solution,
- 90% of our motor claim intimations are done through Visual IVR / RIA and ILTakeCare

In summary, we have seen an increased digital footprint – ₹ 10.9 bn GWP now comes through the website while our digital transformation journeys have improved the overall NPS scores by 10 points

Sources: ICICI Lombard General Insurance Company Limited

Case Study – Bajaj Allianz General Insurance

Company Overview

Bajaj Allianz is a joint venture between Bajaj Finserv Limited, a non-banking financial company (NBFC), and Allianz SE, a leading insurer and largest asset manager from Germany. Bajaj Allianz General Insurance offers non-life insurance products such as motor, home, and health insurance as well as specialized plans, such as pet insurance, wedding insurance, event insurance, and film insurance. The Company began its operations in 2001 and today, it has a pan-India presence in close to 1,000 towns and cities.

Positioning in the Insurance Value Chain

✓	Product Development	✓	Claims Management
✓	Customer Acquisition and Renewals	✓	Risk and Compliance Management
✓	Policy Sales and Servicing	✓	Technology Innovation

Problem Statement(s)/Use case(s)

- In the new world, success of any business is dependent on their digital assets and enterprise services. Rapid GTM for new products, user friendly digital assets, strong and flexible enterprise grade integration capability and easy maintenance are a few factors that are mission critical.
- Partners like Agents, Brokers, Banks, Aggregators and other channels contribute heavily towards sales and distribution of insurance products. Their needs are specifica nd expectations are high. Flexible, integrated services, platforms and information dashboards are base expectations from partners.
- The transformation of a core system is not only about moving the IT infrastructure from physical to virtual, but it also involves gaining speed of decision, efficient collaboration, improved productivity and offering customers a more connected experience. New age digital-native consumers seek innovative and flexible solutions that adapt to their dynamic and diverse needs.

Tech Solution(s) Offered

End-to-End Insurance Tech Stack Moved from Legacy to Cloud:

- In order to bring in business agility, redefine care and provide superior customer value, Bajaj Allianz General Insurance upgraded its core policy administration system from OPUS (legacy-based IT infrastructure) to MAXIMUS (cloud based virtual IT infrastructure).
- It is the first cloud transformation-based initiative in India for insurance industry where in the complete solution has been moved from on-premises to cloud.
- The initiative has helped the organization to effectively manage policy load during month / year end, reduced time to market for new products and enhanced servicing time for customers and partners ultimately enabling the company to focus on their core competency i.e. business of insurance.
- Maximus was designed to be a cloud-based end-to-end insurance solution. Solution uses cutting-edge technologies like Amazon AWS and micro services.
- Maximus utilizes a series of independently deployable, modular services that constitute a full-scale enterprise application. These modular services can be grouped, orchestrated and wrapped to form full blown services for consumption of internal or external layers.
- It has also leveraged application monitoring tools to ensure high availability and almost real-time anomaly detection.

Metrics Impacted

- Improved end user experience with carefully planned user journeys and user interface components
- Improved productivity due to data processing features and utilities
- Marked improvement in availability and scalability due to the implementation of cloud-based architecture

Sources: Bajaj Allianz General Insurance

Case Study – Plum Benefits Insurance Brokers Private Limited

plum

Company Overview

Founded in 2019, Plum is India's leading insurtech platform offering employee wellness solutions and business insurance solutions to 3500+ corporations. It is re-imagining the health insurance stack and accelerating the penetration of health insurance in India. Plum aims to reach a milestone of 10 million lives insured by 2025. It launched Plum Business in July 2023, thereby extending its product offerings to cover the health and wellness of employees and businesses as a whole. Plum is currently in the Series-A stage and has raised $20million till date. It is backed by marquee investors, Tiger Global and Peak VX Partners.

Positioning in the Insurance Value Chain

✓	Product Development	✓	Claims Management
✓	Customer Acquisition and Renewals	✓	Risk and Compliance Management
✓	Policy Sales and Servicing	✓	Technology Innovation

Problem Statement(s)/Use case(s)

Insurance policyholders, particularly within organisations, often face challenges in understanding the nuances of their coverage. With over 3,500 organisations and varying policy coverages, deciphering the specifics can be daunting. Policyholders have to shift through lengthy documents, FAQs, or wait for customer service to clarify their doubts, leading to delayed responses and increased uncertainty.

Tech Solution(s) Offered

Implementation of tech solution PolicyGPT:

- An industry first Gen AI tool tailored to provide instant, accurate, and personalized responses to policyholders' queries.
- It enables a conversational experience, making understanding of policy coverages and exclusions intuitive and user-friendly.
- Customization for every organisation or policy: Adapts to the specific insurance policies of each of the 3,500+ organisations, ensuring personalised and accurate information.
- 24/7 Availability: PolicyGPT is available round the clock, eliminating wait times and providing instant clarifications.
- User-Friendly Interface: Intuitive design ensures users of varying tech-savvy can easily navigate and receive the information they seek.
- Data Security: Implements stringent data security protocols to safeguard sensitive organisational and individual information.

Metrics Impacted

250+ conversations and queries resolved without any human interaction on a daily basis

Sources: Plum Benefits Insurance Brokers Private Limited

Case Study – SecureNow Insurance Broker Private Limited

Company Overview

SecureNow is a leading insurance platform for commercial insurance. The firm serves 40,000+ commercial establishments to buy, manage and utilize insurance. SecureNow works with 30+ insurers offering 70+ products. Products range include insurance for employee benefits, property, marine and liability insurance. On any given day, around 220 payments happen on the platform and more than 50 insurance claims get reported. The firm employs about 160 employees across 7 branches, with clients in more than 150 locations across the country.

Positioning in the Insurance Value Chain

	Product Development	✓	Claims Management
	Customer Acquisition and Renewals	✓	Risk and Compliance Management
✓	Policy Sales and Servicing	✓	Technology Innovation

Problem Statement(s)/Use case(s)

The commercial insurance journey is broken. Product discovery is difficult. Existing solutions are straight-jacketed, designed around major risks cutting across different customer segments. Price discovery is opaque with high variance across distribution channel and insurers. Policy management process is manual. Most information flows over email with long lead times to get responses. Claims process is offline with long turnaround times.

SecureNow provides a one-stop platform to manage the entire customer journey. Segment specific products with instant quotes, and easy payment options. APIs that integrate with existing e-commerce platforms and client systems for quick automation. eClaims and Dashboards for instant information access over a mobile app.

Tech Solution(s) Offered

- Online buying journeys for commercial insurance products
- APIs for embedded insurance for commercial insurance
- eClaims for registering, submitting and tracking claims
- Dashboard for reviewing policies and managing changes
- APIs for HRMS integration for automating changes
- Mobile app for easy access of policy information
- Virtual polyclinic and surgical care

Metrics Impacted

- Customer Success Metrics
- Claims turnaround time
- Cost Savings
- Number of policies per client
- Employee engagement
- Increase in revenue

Priorities for the FY2025

Business Priorities

- New products to add 15% revenue
- New markets to add 25% revenue
- Increase in NPS by 10%
- Increase claims settled within 7 days by 35%
- Number of policies per client to go up 25%

Tech Priorities

- Increase referrals and cross-sell by 25%
- Increase employee engagement by 40%
- Grow embedded insurance by 50%
- Increase unassisted digital fulfilment to 35%

Sources: SecureNow Insurance Broker Private Limited

Case Study – Artivatic.ai

Company Overview

Artivatic (Part of D2C Consulting Group) is a digital risk & decision-making Fullstack insurtech platform that automates ,sales, process, onboarding, quote, underwriting, claims, servicing, product design, product & rule configurator, risk intelligence, pricing & fraud intelligence for carriers, brokers, distributors, re-insurance, TPAs, healthcare & providers. Artivatic provide efficiency, transparency, risk assessment, personalization and digitization in entire lifecycle of operations . The platform uses deep machine learning and proprietary algorithms for analytics, intelligence and alerts, decisions.

Positioning in the Insurance Value Chain

✓	Product Development		Claims Management
✓	Customer Acquisition and Renewals	✓	Risk and Compliance Management
	Policy Sales and Servicing	✓	Technology Innovation

Problem Statement(s)/Use case(s)

A leading insurance company's existing underwriting platform and rule engine was not scalable, user friendly, automated and was not an integrated solution. The entire underwriting process was manual, did not take benefit from past experiences .There were no external sources of data aiding in making underwriting decision Automated decision making did not exist. Configuration of underwriting rules had limitations, complexity, high tech involvement and was time consuming. The population beyond tier 1, tier 2 needs low cost for underwriting to reduce their premiums so they can buy policies faster.

The users in the remote areas can buy insurance protections by themselves in real-time at low cost, based on their needs.

Tech Solution(s) Offered

- Artivatic's proprietary smart underwriting platform – AUSIS and ProdX was implemented at ABSLI. The platform had the following capabilities
- Integrated with the client's policy admin system and underwriting system through micro services
- Risk scoring model built-in to provide recommended decision for every proposal
- Risk model is self-learning and considers both digital data and OCR data for decision making
- API integration with external sources of data to provide health score, financial score, weather/sanitation score, location risk score to enable providing an overall underwriting risk score
- Platform provided detailed and in-depth risk insights with a 360 degree view to the underwriter along with risk scores – Graphical and visual representation and comparisons for easy understanding
- Platform processed and digitised all kinds of physical documents related to KYC, financials and medical reports. The digital data is analysed to identify fraud risk, health risk, credit risk and identity theft attempts to provide a recommended underwriting decision
- Easy to configure underwriting rule engine with over 300 frequently used parameters. Easy to add and configure new parameters and rules
- Authority levels in place to configure and approve rules with start date and expiry date for rules
- Underwriting rule decision integrated with AUSIS to provide quick underwriting rule decision for every proposal

Metrics Impacted

- Proposal Decision making time within seconds for STP eligible cases based on digital data
- Classification and data extraction from KYC and medical reports within 1 minute with detailed analysis and comparison with proposal data

Priorities for the FY2025

Business Priorities

- Medical interpretation and financial analysis
- Customer and Agent Lead Scoring for agent productivity and increase customer share of the wallet
- Health Vitals analyser to enhance adoption of ABHA, aggregator based medical and financial records

Tech Priorities

- Underwriting Case Sheet preparation using Gen AI
- GenAI to analyze and interpret customer-centric parametric data, thereby contextualizing policy case, pricing, and risk evaluation, ensuring a healthier insurance portfolio
- Increase adoption of ChatGPT

Sources: Artivatic.ai, part of RenewBuy

Case Study – Exegesis Infotech India Private Limited

exegesis®
The Future of Insurance is Digital

Company Overview

Exegesis – Enterprise SAAS enabler of Digitized Insurtech Solutions

5000+ corporates, 15 million+ lives, USD 1000 million annual premium
Endorsed by Boston Consulting Group (Apr'22) as a leading Insurtech driving innovation in India

Positioning in the Insurance Value Chain

	Product Development	✓	Claims Management
✓	Customer Acquisition and Renewals	✓	Risk and Compliance Management
✓	Policy Sales and Servicing	✓	Technology Innovation

Problem Statement(s)/Use case(s)

Managing Group policies & Claims with Flexible benefits and complex underwriting rules, is a challenge for Insurers, as well as Corporates with hundreds of thousands of employees / dependents.

➢ KEY CHALLENGES –

INSURER / DISTRIBUTOR / TPA

- Manage complex underwriting rules with accurate premia calculations across multiple GMC/ GPA/ GTL policies
- Voluntary policy premium payments
- Real time CD statement and brokerage reconciliation
- Secure data transmission

CORPORATE

- Manage Group plans & Claims along with Flexible benefits for hundreds of thousands of employees/ dependents
- Integration with internal payroll and HRMS systems
- Option to upsell / cross sell Insurance and non-Insurance components

EMPLOYEE

- Pre-loaded wallet to customize one's benefits
- Intimate & track claims in real time (integration with Insurer/ TPA)
- Employee grievance redressal
- Portal and Smartphone access

Tech Solution(s) Offered

Exegesis Employee Ensurer – India's No.1 Employee and Flex Benefits Enterprise SAAS platform

- Automation of end-to-end Insurance policy and Claims servicing (GMC, GPA, GTL)
- Flex Benefits with wallet options – personalization from bouquet of available choices (Insurance and non-Insurance)
- Industry's most comprehensive Underwriting Engine – comprises underwriting rules across ALL Insurers
- Exhaustive feature list, 500+ configurable parameters, Web-based & Smartphone access
- Real time integrations – 20+ TPAs, Single sign-on, Payment gateway, SFTP, integration with HRMS/Payroll systems
- Data security – PII data encryption, Triple DES, GDPR compliance, OWASP Top 10 compliant, logical data segregation
- Peak performance – 3000 concurrent users, 0.7 million unique transactions, ZERO failures, Avg response time per transaction < 1 second (on virtual server with 8GB RAM)

Metrics Impacted

- Underwriting engine: Enrolment data is validated online against pre-configured underwriting rules – resulting in 0 errors in claims processing. Manually, this would take 30-90 days for 3000+ employee organization
- Network hospital, E-cards, claims status: Quick access at the click of a button — direct integration with TPA Insurance cos for instant information. Manually this would take months causing loss of valuable time during medical
- CD Account: Real time computation of CD a/c and brokerage. 3 months of time saving in reconciliation between broker/TPA/Insurance co
- Online helpdesk: Quick TAT for employee queries — to live real time data. Upto a week of time saving in manual coordination between Corporate HR and broker.
- Peak performance: 3000 concurrent users, 0.7 million unique transactions. Average response time per <1 second on virtual server with 8GB RAM

Sources: Exegesis Infotech India Private Limited

Glossary

Terminology	Definition
Gross Written Premium	Total value of insurance policies written by the company before accounting for any deductions, such as reinsurance or cancellations
Embedded Insurance	Integration of insurance products or coverage seamlessly into the products or services of non-insurance companies
Parametric Insurance	Type of insurance that pays out a predetermined amount based on the occurrence of a specific event or trigger, rather than indemnifying the actual loss incurred
Micro Insurance	Insurance specifically designed to provide coverage to low-income individuals or groups who have limited access to traditional insurance products
Open Insurance	Concept of opening up insurance systems and data through the use of application programming interfaces (APIs) It involves allowing external parties, such as technology companies or third-party developers, to access and interact with insurance systems and data to create innovative products, services, or customer experiences
Usage-Based Insurance	Insurance model that determines the premium based on the actual usage patterns and behavior of the insured vehicle or policyholder
Peer-to-Peer Insurance	Insurance model that involves a group of individuals pooling their premiums together to provide coverage for each other
Underwriting	Process of evaluating and assessing risks associated with potential policyholders or insurance applicants
Insurance Product Development	Process of creating new insurance products or modifying existing ones to meet the evolving needs of customers and the market
Claims Management	Process of handling and administering insurance claims made by policyholders or beneficiaries
Grievance Management	Process of addressing and resolving complaints or grievances raised by insurers
End-to-End Platforms	Platforms that offers all insurance services from buying insurance policies to claim management
Public insurance players (PSUs)	Entities or organizations involved in the insurance industry that operate in the public sector or serve the public interest
Active Consumer Base	Number of individuals or customers who are actively engaged with the product
Premium Per Capita	Average amount of insurance premiums paid by each individual in a specific population or country
Insurtech Startups	Companies that leverage technology and innovation to disrupt and transform the insurance industry
Traditional/ Incumbent Insurers	Established insurance companies that have been operating in the industry for a significant period of time
Insurtech Technology Providers	Companies that offer technological solutions and platforms specifically designed for the insurance industry
Insurance Aggregators	Networks or online platforms providing customers with a convenient way to compare and purchase insurance policies from multiple insurance providers
Insurance Brokers	Intermediaries between insurance companies and individuals or businesses seeking insurance coverage

Acknowledgement

The preparation of this report has been facilitated by in-depth interviews with 20+ insurance companies – traditional carriers, InsurTech providers, InsurTech tech companies, InsurTech aggregators and brokers. We are deeply thankful to all the participants, and sincerely appreciate the time and support offered by all, particularly the companies who also shared their case studies with us to be featured in this report. Their expert industry knowledge and experience building their organizations has been invaluable in shaping this study.

We wish to sincerely thank ICICI Lombard GIC Limited for powering the study and sharing their insights on the growth strategies and challenges for the industry. We appreciate our survey partner, Refract Consulting, and our research partner, UnearthInsight, for collaborating on this study.

Industry Contributors	
Bajaj Allianz	PolicyBazaar
Onsurity Technologies	Exegesis Infotech
SecureNow Insurance Broker	Artivatic (Now part of RenewBuy)
Plum Benefits Insurance Brokers	LivWell
Zscore	AiBorne Tech

Research Authors

nasscom	UnearthInsight
Achyuta Ghosh Senior Director and Head-Research, Insights	Gaurav Vasu Founder & CEO
Namita Jain Digital Transformation Practice Lead, Insights	Vijay Storyteller – Consulting Practice
Dhiraj Sharma Principal Analyst, Insights	

About ICICI Lombard General Insurance Company Limited

ICICI Lombard is the leading private general insurance company in the country. The Company offers a comprehensive and well-diversified range of products through multiple distribution channels, including motor, health, crop, fire, personal accident, marine, engineering, and liability insurance. With a legacy of over 21 years, ICICI Lombard is committed to customer centricity with its brand philosophy of 'Nibhaaye Vaade'. The company has issued over 32.7 million policies, settled 3.6 million claims and has a Gross Written Premium (GWP) of ₹217.72 billion for the year ended March 31, 2023. ICICI Lombard has 305 branches and 12,865 employees, as on March 31, 2023.

ICICI Lombard has been a pioneer in the industry and is the first large scale insurance company in India to migrate its entire core systems to cloud. With a strong focus on being digital led and agile, it has launched a plethora of tech-driven innovations, including the industry first Face Scan on its signature insurance and wellness App - IL TakeCare, with over 6.9 million user downloads. The company has won several laurels including ET Corporate Excellence Awards, Golden Peacock Awards, FICCI Insurance Awards, National CSR awards etc. for its various initiatives. For more details log on to https://www.icicilombard.com/

Disclaimer: ICICI trade logo displayed above belongs to ICICI Bank and is used by ICICI Lombard GIC Ltd. under license and Lombard logo belongs to ICICI Lombard GIC Ltd. ICICI Lombard General Insurance Company Limited, ICICI Lombard House, 414, P. Balu Marg, Off Veer Savarkar Road, Near Siddhi Vinayak Temple, Prabhadevi, Mumbai 400025. Toll Free: 1800 2666 Fax No: 022 61961323 IRDA Reg. No. 115 CIN: L67200MH2000PLC129408 Customer Support Email Id: customersupport@icicilombard.comWebsite Address: www.icicilombard.com

About nasscom

nasscom is the industry association for the IT-BPM sector in India. A not-for-profit organization funded by the industry, its objective is to build a growth led and sustainable technology and business services sector in the country with over 2,500 members. nasscom Insights is the in-house research and analytics arm of nasscom generating insights and driving thought leadership for today's business leaders and entrepreneurs to strengthen India's position as a hub for digital technologies and innovation.

nasscom

Visit our e-community at https://community.nasscom.in

About UnearthInsight

UnearthInsight delivers critical market information to drive decision insights for CXOs and equips them with actionable insights. UnearthInsight relies on strong social capital built over the years with key clients such as nasscom, Accenture, Bosch, EY, HCL, Cognizant, Tech Mahindra, UST, Mphasis etc.

UnearthInsight generate metrics and market trends from Tech Services Database, SME Database of 11K Indian Companies, 92,000 start-ups and private firms in India. On an average more than 25 data elements are injected daily in the data pool.

UnearthInsight

11/2, Ground Floor, 1st Cross, Vinayaknagar Nyappanahalli Main Rd, B G Road Near DLF New Town, KA 560076, India

www. https://unearthinsight.com

Plot 7 to 10, Sector 126, Noida – 201303, India

Phone: +91-120-4990111 | Email:

www.nasscom.in

Visit our community at

www.community.nasscom.in

/nasscomOfficial

/nasscom

/nasscomVideos