



# Data led road to excellence in Insurance

**November 2022**



# Contents

—  
Foreword

—  
Executive summary

—  
01 A generation captive to the 2D approach of data and digital 08

—  
02 Rampant vulnerabilities of the insurance industry 12

—  
03 Industry dynamics cutting through the traditional insurance space 14

—  
04 Outlook: Harnessing the power of data and analytics 20

—  
05 Call for action: Rowing the megatrends with spontaneity and collaboration 28



# ASSOCHAM

## Foreword

Over the past few decades, the Indian insurance industry has evolved significantly. From being a nationalized sector to a liberalized and competitive market with a thriving private sector, the Indian insurance industry has been on a growth trajectory. The advent of COVID-19 and the subsequent shift in the focus on digitization and convenience has further fuelled its flight.

The pandemic gave the industry a much-needed impetus, with many consumers becoming aware of the need for medical and life insurance. The need for contactless delivery spurred the growth of UPI and higher digital adoption in the country. This has led to a phenomenal jump in the quantity and availability of digital data.

With the strong uptake of digital channels, there is an accelerated need for technological upgradation and transformation in the insurance industry. Insurers have traditionally leveraged technology only to increase efficiency and lower costs.

Some leading players have integrated with Insurtech companies, and there is an opportunity for many others to integrate holistically. This collaboration could drive results not only in customer facing processes but also the middle office with underwriting and back office covering finance processes.

Data-driven and personalized risk assessment is the future of underwriting. Tie-ups with the suitable data sources will enable data-driven automated decision-making. By smartly using analytics and technology- Optical Character Recognition (OCR) / Intelligent Character Recognition (ICR) upfront- insurers are expected to deliver a better customer experience and significantly reduce transaction costs.

On this occasion, ASSOCHAM & EY have jointly prepared a comprehensive knowledge paper. We hope this report, along with the discussions during the summit, will help the regulators, market participants, government departments and research scholars for the further development of the insurance sector.

I thank the Knowledge Partner for their valuable contribution and convey my best wishes for the success of the summit.



**Deepak Sood**  
Secretary General, ASSOCHAM

# Executive summary

The Indian Insurance industry has come a long way and stands as the 11th largest in the global insurance market. At the back of regulatory push and rapid economic expansion it is likely to become the sixth largest<sup>1</sup> insurance market. According to a survey, post pandemic, ~61% of emerging market consumers demonstrated an interest in purchasing life insurance in response to the pandemic<sup>2</sup>. This uptrend is not only expected to add to the economic health and increase financial wellness, but also protect what people value most. According to industry estimates, India's consumer digital economy is expected to be a US\$800 billion market in 2030, registering a ~10x growth from 2020. The FS industry is carving its way to utilize this opportunity, and so is the insurance industry. The consumers are getting more evolved and digital-friendly, and the insurers need to evolve their business models similarly.

These increasingly common market developments point to a future where players instantaneously strategize their business models to respond to fundamental disruption by deploying competitive dynamics. This is where a much larger role of data and insights comes into the picture. Data can fundamentally redefine the industry through dynamic and tailored digital offerings that improve the customer experience. But this is not as simple as it sounds in the Insurance space due to multiple challenges existing across the value chain with customer onboarding, distribution and underwriting taking a lead. Besides, consumer touchpoints are limited, and engagement is not something that consumers look forward to. In fact, many customers themselves have little or no access to their own risk profile and lack an understanding of their coverage appropriately suiting their needs.

Insurance players face challenges of a rigid catalogue and lack proper understanding of their prospective customers and their needs. Data stands to play a crucial role in resolving some of these easily to serve the evolving needs of the next gen consumers, who want seamless and hyper-personalized experience and refuse to settle for anything less.

Amid all this, optimists would agree that it is an exciting time for the domestic insurance industry to carve itself to be relevant in the market. Experts believe that for insurers, creating an optimum user experience will be paramount. Also, their ability to build deep relationships by proactively altering the customer approach

toward risk will be a game-changer for the industry. They will need to work on regulating data, prompts and information in a frictionless way to enable consumers to better assess their overall financial situation.

Given the positive outlook of the regulatory environment to provide access to legit data and the emergence of account aggregators, National Health Stack, and the entire India Stack makes all this fairly feasible. This is further enabled through the regulatory framework, such as Ayushman Bharat Digital Mission NDHM, IIB etc. that have made data more assessable and accurate and are expected to trigger creation of a seamless ecosystem that well integrates insurance information.

Utilizing these, the insurers will be able to identify their target consumers and design products in line with their needs. We have narrowed down a few imperatives for the key stakeholders of the industry - the policymakers and the insurers. In our view, these will help them up their game by maximizing value and enhancing customer experience in this era of digital disruption. A few imperatives are listed below:

## For Policymakers

### Regulator to be trusted custodian of data

- ▶ Maintain a one-stop repository for all data by enforcing higher discipline among all entities for swift and accurate data uploads
- ▶ Create data sharing framework for insurers to do analytics on their own
- ▶ Establish standards and protocols to ensure data security

### Amend guidelines for insurers to encourage investment in technology

- ▶ Allow insurers to invest strategically in Insurtech firms to leverage technology and data to its best use

### Revise data related regulatory frameworks

- ▶ Relax implementation restrictions around data privacy, data integrity and common/central data exchange platforms
- ▶ Allow insurance companies to gather customer data to offer personalization

### Continue to build customer trust

- ▶ Leverage India Stack to enhance awareness and allow for seamless data sharing by customers
- ▶ Enable consistent terms and conditions across insurers
- ▶ Revive grievance and redressal management framework
- ▶ Devise consistent metrics to measure customer satisfaction

### Shared Infrastructure to support growth

- ▶ Extend digital network infrastructure to banks, other financial institutions and local bodies

### For Insurers

#### Leverage Digital India Stack and enable proactive reach out to regulators

- ▶ Enable more efficient and data backed underwriting
- ▶ Maximize usage of Credit Bureaus and alternate data sources for claims, underwriting and fraud risk management
- ▶ Leverage Ayushman Bharat Digital Mission (ABDM) to drive transparency
- ▶ Strengthen digital payment architecture for onboarding and renewals

#### Collaboration across industry players

- ▶ Collaborate with other insurers to share information on specific use cases
- ▶ Put together a unified framework of subsequent actions taken for the benefit of all
- ▶ Collaborate with Insurtech companies to enhance customer experience

#### Adopt a tech DNA

- ▶ Put technology to use and automate processes
- ▶ Proactively address customer challenges through technology and analytics
- ▶ Ingrain agile ways of working functional roles linked with specific outcomes

#### Focus on data security and privacy risk

- ▶ Put adequate controls to prevent data leaks/manipulation and cyber-attacks
- ▶ Create sound data governance and management practices to uphold customer trust

In conclusion, the best way forward would be coming together of the stakeholders to identify the right collaborative models, and push for customer driven innovations. These would involve utilizing the power of data-driven digital first ideas while holding respective niches and maintaining a continuous appetite of out-of-the-box ideas to drive engaging business strategies.



**Shiney Prasad**  
Insurance Sector Leader  
EY LLP  
shiney.prasad@in.ey.com



**Rajeev Arora**  
Partner - Business Consulting Insurance  
EY LLP  
rajeev.arora@in.ey.com



**Shruti Ladwa**  
Partner - Insurance Transformation  
EY LLP  
shruti.ladwa@in.ey.com

1. Swiss Re website accessed on November 4, 2022
2. EY 2021 Global Insurance Consumer Survey  
[https://www.ey.com/en\\_in/insurance/how-can-insurance-protect-the-customers-who-need-it-most](https://www.ey.com/en_in/insurance/how-can-insurance-protect-the-customers-who-need-it-most)



# A generation captive to the 2D approach of data and digital

Shifting customer expectations has led to better propositions and evolved business models



With Gross Written Premium (GWP) of INR 9.1 Tn<sup>3</sup>, India is the 11th largest insurance market in the world. It has seen a CAGR of 11%<sup>4</sup> in the last five years and remains one of the fastest growing financial markets globally. The insurers are geared up to continue the momentum and investing resources to multiply growth in the impending times.

The insurance industry has bounced back from the grays caused by the pandemic at the back of digital and data-led strategies, adopted by both incumbents and new entrants. Amid this turbulence, shifting customer expectations are compelling insurers to revisit their business models to remain relevant. The new-gen customer's tech-savvy approach has nudged insurance providers and industry participants to battle out in an altogether different field of play that is evolving by the day. The adaptability of the incumbents in reimagining their propositions and bringing them up to speed to match the embryonic customer aspirations will define the new era of growth.

**Key takeaways**

- ▶ The pandemic has powered a new wave of growth in the insurance industry. The digitally driven and tech-savvy customer has made the insurers revisit their propositions and adopt data-led strategies to stay relevant to the customer expectations.

Forecasted new business CAGR over the next five years

**10-12%** Life insurers

**13-15%** Non life insurers

Source: Ernst and Young LLP analysis

**1.1** Distribution: product production to consumer consumption and everything in between

**Customer prefers information – crisp and transparent; interactions that are seamless and hassle-free**

As an outcome of the digitization, the customer today is better connected, informed and self-directed. He is not reluctant to share his information and in fact leaves behind significant digital footprints to be utilized well for more personalized offerings.

Flexibility, convenience, and simplification drive this customer's expectations of unique experience tailored to suit his preferences.

They expect their protection provider to demonstrate a distinguished behavior and pay back through value added services, omnichannel experiences and instant gratification, such as roadside assistance and advice on leading healthy lives.

For insurers, and the entire financial services industry, on the other hand, it is an interesting playing field with a plethora of customer information readily available on the internet.

Insurers are working around their strategy and moving from bricks to clicks mode to offer this digital savvy customer a differentiated one-stop-shop, convenient experience at a reasonable price.

**Key takeaways**

- ▶ The customer is more connected, informed, and self-directed. They are willing to share their information with the insurer in lieu of personalized offerings.

According to a survey conducted by EY India, the data demonstrates that the young consumers care more about personalization than older groups

- ▶ In India, however, ~90% of the population would prefer personalization in their financial service providers as per the survey.
- ▶ 81% of Gen Z consumers around the world identify it as a feature that could deepen their relationships, compared to just 47% of consumers over age 65, who think alike.

Source: Ernst and Young LLP analysis

3. LI council, GI council  
4. IRDAI Annual reports, EY analysis

## 1.2 Customer sentiments driving product explosion

### Driving resilience while accelerating growth

Insurers are geared up to put forth solutions and offerings basis the current needs of the customers to remain relevant and put their best foot forward while addressing the evolving needs. This involves taking frequent dipsticks in the customer's sentiments to understand the need to:

- ▶ Offer hyper personalization basis 'lifestyle' more than 'demography
- ▶ Identify the temporary needs of the consumers
- ▶ Put higher focus on diversity and inclusion

Addressing evolving need for customization and in the wake of staying leveled up with international markets, there is an increasing uptake of:

- ▶ Niche covers for a single disease, maternity, OPD, etc.
- ▶ Low cost, bite sized, off-the-shelf short-term covers
- ▶ Coverage for pre-existing diseases like cardiovascular, diabetes and hypertension
- ▶ Insurance for insolvency professionals, cyber liability and other segmented offerings

### Key takeaways

- ▶ Customers want to be respected as individuals, with their own personalized needs, whether it is for a single parent, LGBTQ community, insolvency professional or for one owing up a cyber liability.
- ▶ Driven by data on customer preferences, niche covers are gaining popularity.
- ▶ Insurers are making efforts to be at par with international markets.

### Use cases

- ▶ A leading Indian insurer has answered to customer needs by developing a servicing app which also provides a holistic view of their health score and rewards healthy lifestyle through gamification.
- ▶ A US-based insurer provides customers with the flexibility to increase or decrease their sum assured as per their requirement.
- ▶ A leading Indian insurer has launched a product covering OPD treatments such as fever, cold and cough.

## 1.3 Distribution: product production to consumer consumption and everything in between

### Convenient, simplified, 'start anywhere, finish anywhere cart experience' targeted

The industry has paved the way for a more wholistic multi-channel distribution model.

- ▶ Data is spanning across the breadth of the business models and holding the channels together– be it sales choreography, cross-sell opportunities, or seller segmentation.
- ▶ The businesses are devising analytics-based strategies to determine the next best course of action for sales, agent recruitment optimization, attrition management among others.
- ▶ Besides, strategic alliances in insurance are gaining ground towards improving access and value to customers. More and more players are tying up with e-commerce companies, FinTech players and business aggregators to be available for an omnipresent, hassle-free and integrated customer experience.

### Key takeaways

- ▶ Insurers are gearing up to offer customers an omnichannel sales experience by leveling up to best utilize data and analytics coveted algorithms.
- ▶ Multi-channel distribution network is gaining prominence.
- ▶ Strategic alliances are improving access and value to customers. These include tie ups with affinity partners, Insurtech players, e-commerce, etc.

- ▶ A leading Indian life insurer uses a gamification strategy to suggest 'next best course of action' to sales, helping them increase customer engagement and drive higher conversions.
- ▶ An Indian insurer has partnered with a leading e-commerce platform for distribution of motor products and claims assistance.

In the hoard to be at customer's service at all times, insurers have been investing heavily towards offering a seamless online buying experience, but the channel is only picking up now. As insurers evaluate multiple digital platforms models and enhance long-term relationships, the winner will be the ones who manage to best utilize the available data.

## 1.4 Technology at behest, humans at the core

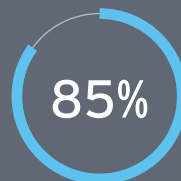
### Catching up on the AI bandwagon

With the strong uptake of digital channels, there is an accelerated need for technology upgradation and transformation in the insurance industry. Insurers have traditionally leveraged technology only to increase efficiency and lower the costs.

Post pandemic, this behavior has changed across industries and insurance can be no different.

- ▶ Leading financial services players are taking a comprehensive approach to deploying advanced data analytics to obtain a competitive edge in products and process utility. They are evaluating tying up with FinTech companies to build scalable data infrastructures and operate from a 'digital first' perspective.
- ▶ Recent innovations in AI, advanced analytics and cloud computing are further challenging institutions to rethink their data architectures. Cloud strategy has helped to reduce go-live time for new infra and scalability requirements, and AI has led to accelerating claim workflow, dynamic underwriting, etc.
- ▶ Serverless platforms and modular design provide unique opportunities to increase flexibility and speed, both of which are crucial in a constantly changing environment in the insurance landscape.

- ▶ Many Indian insurers have developed AI based chatbots, having the capability of catering to customer and distributor needs across the value chain such as servicing, claims filing, policy details, etc.
- ▶ A leading Indian insurer has deployed advanced analytical models and is leveraging big data to enhance processes across the value chain such as automated underwriting, reducing early claims risk, facial recognition based verification.



of respondents in a recent EY study on AI adoption in the financial sector report the use of at least some form of AI in their organizations. Leaders are out of sync regarding effective implementation and investment appetite.

### Key takeaways

- ▶ Cloud strategy has helped to reduce go-live time for new infra and scalability requirements.
- ▶ Players are rethinking their data architectures and aiming for flexibility, speed, and smooth customer experience.

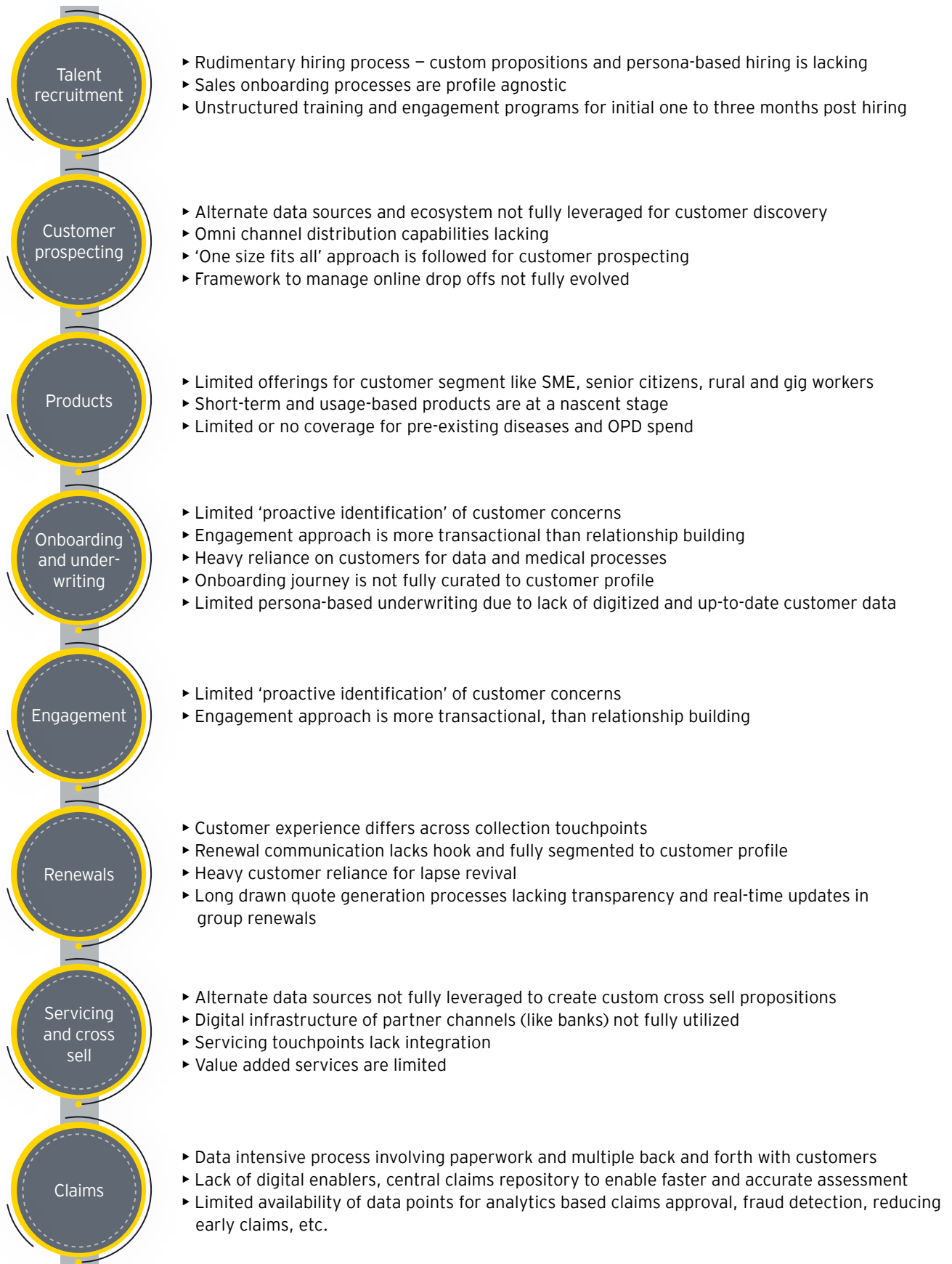


# Rampant vulnerabilities of the insurance industry

The endemic challenges plaguing the breadth of the insurance value chain

The new age of customers is in for a superlative experience for every penny spent. However, in the insurance industry today, these expectations are met by complicated buying process, ambiguous underwriting procedures and uncertain claims process. The evolving needs of hyper personalization, speed and accuracy have opened a Pandora box of challenges for the insurers. Paucity of data opens the players to deal with typical challenges spread through the breadth of the value chain.

## Challenges faced by insurers across the value chain





# 3

## Industry dynamics cutting through the traditional insurance space

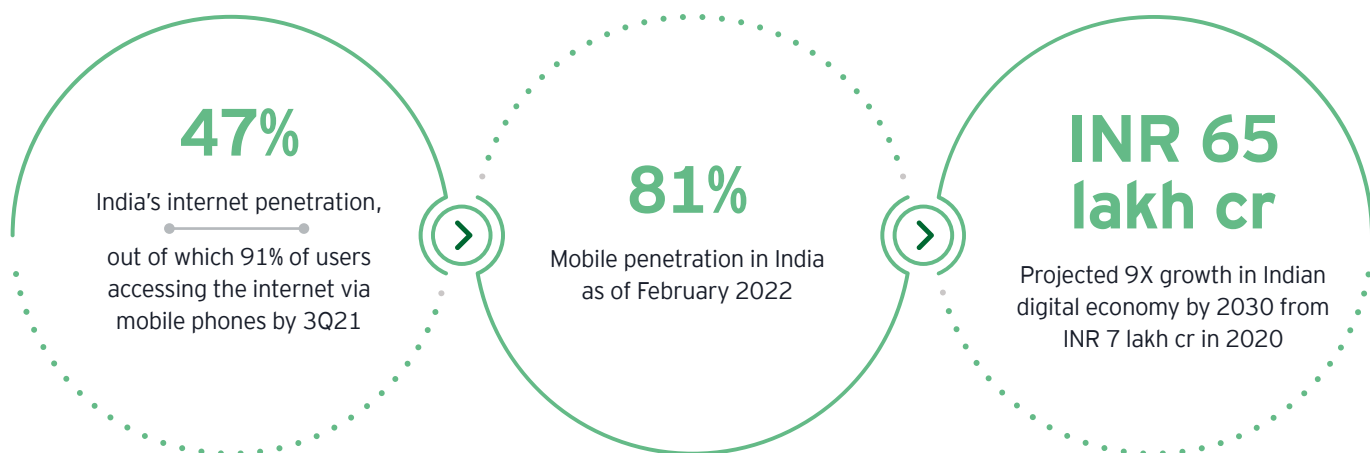
Emerging Insurance trends that are changing the rules of the game

Convenience has become the driving force in the insurance industry closely followed by personalization. To achieve both, the insurance providers are demonstrating an increasing reliance on advanced data and analytics. The government's push in enablement of Jan Dhan, Aadhar and Mobile (JAM) has made customers more comfortable in sharing their data with financial services providers than before. Besides, there is a plethora of data available with the Credit Bureau and other regulated platforms that insurers are evaluating to put forth more customized offerings. Also, the market dynamics are presenting a possibility of mapping customer's social footprint to enable more personalized offerings and make for an optimum customer experience.

### 3.1 Digital surge backing data availability

Unprecedented growth in data is fueling customization<sup>5</sup>

#### India's digital adoption metrics according to EY analysis



An augmented penetration of both smartphones and the Internet has led to growth in data availability and reduction in data cost, which is expected to go further up with the coming of 5G. To date, the main protagonist of the FinTech growth story has been the evolved digital infrastructure. The pandemic gave the industry a much-needed impetus, leading to the growth of UPI and a higher digital adoption in the country. The preference for convenience has splurged and has led to a phenomenal jump in quantity of digital payments, further leading to the availability of more digital data and consumer's comfort in sharing the same.

#### Key takeaways >

- ▶ Internet penetration and abundant data is driving new gen customers



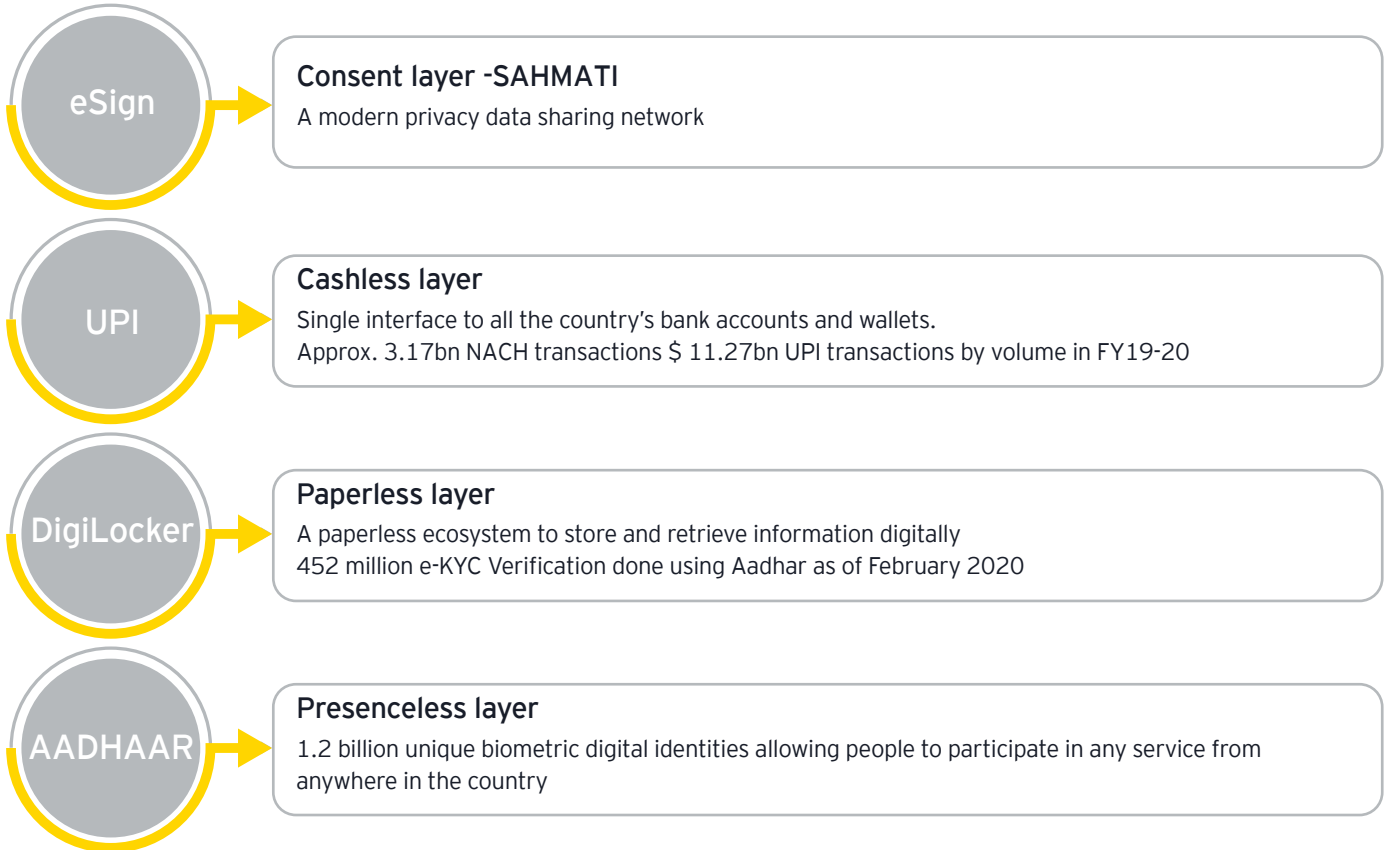
5. State Of Indian Fintech Report, Q1 2022 - Inc42 Media, Digital 2022: India – DataReportal - Global Digital Insights

## 3.2 Digital identity makes for a new frontier in value creation

### Regulated norms and processes enabling a better field of play

Targeting to facilitate an end to-end journey of digitization, there is a shifting focus on building user consent-based data exchange infrastructure utilizing the combined power of JAM trinity, DigiLocker, AA and UPI. While RBI has granted regulatory authority AAs to get access to customer data and act as middlemen, ONDC is expected to build prices and merchant discovery of buyers, lower acquisition costs, expand competitiveness of small sellers and regularize commerce.

### Leverage India stack for growth opportunities



### JAM - JAN DHAN, AADHAR, MOBILE

Additionally, India Stack has the potential to enable higher efficiency and better customer experience for insurers and create downstream niches for Insurtech companies.

The consequences are:

- ▶ Insurers are expected to be able to achieve faster consumer onboarding, better personalization, efficient underwriting, and streamlined purchase and repayments.
- ▶ Insurtech companies can further enhance their niche in specific processes in collaboration with insurers.
- ▶ Further, the adoption of machine-readable data is expected to have a historic growth after the emergence of the open architecture of Open Network for Digital Commerce (ONDC) and Account Aggregators (AA). This will convert data into an advantage and regularize commerce, payments, and savings.

### Key takeaways

- ▶ Regulatory push for digital identification is a step in the right direction.
- ▶ Privacy policies enabling purposeful user consent-based data exchange.
- ▶ Insurers and Insurtech companies stand in a position to benefit if they get their strategies right.



### 3.3 Pouncing on collaborative ecosystems to deliver better customer experience

#### Convenience and co-existence are emerging as key themes for participatory ecosystems

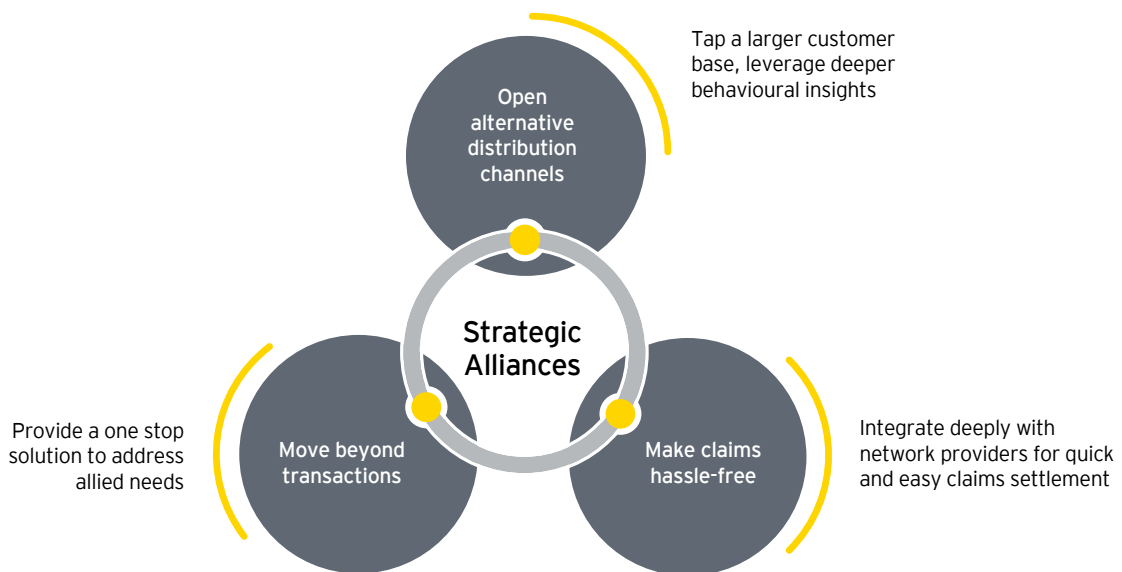
Businesses are currently undergoing a paradigm shift. Dissolving industry borders and an ongoing drive for digitization have led to the emergence of new business ecosystems that allow users to fulfill a variety of needs in one integrated experience. The key theme for ecosystems can be simply understood as convenience and co-existence. 76%<sup>6</sup> of global insurance executives view partnerships and ecosystems as determinants of competitive advantage.

Ecosystems like retirement, health and auto are being built by leading insurers. On the other hand, banks are creating ecosystems like MSME and agriculture, where insurance companies are playing a participatory role. These platforms help tap new customer segments, address allied needs of customers, and provide seamless claims and servicing experience.

#### Key takeaways >

- ▶ Industry borders are dissolving in the wake of digitization leading to emergence of new business ecosystems.
- ▶ The need for convenience and co-existence are pushing the incumbents to create as well as play participatory role in ecosystem models.
- ▶ Consumers are demonstrating a growing preference for 'super apps' for their insurance needs.

#### Value addition by ecosystems



The rise of "super apps" and consumer preference for much greater personalization provide a strong impetus for transformation programs and ecosystem development at incumbent insurers. Indian companies, including leading mobile wallet players, are looking to build a captive customer base by creating super stores that offer a multitude of financial services under one roof.

In India, ~86% consumers are inclined toward using super apps in future.

6. Swiss Re, Website

Survey<sup>7</sup> results indicate consumers' growing preference for 'super apps' for their insurance needs.

- ▶ Super apps combine multiple financial services (e.g., checking and savings accounts, insurance investments and payments) via one app or digital experience.
- ▶ Typically, super apps have a higher degree of integration and customer-centricity than typical FS ecosystems, thereby enabling them to serve as consumers' personal financial operating system.
- ▶ Beyond 'one-click' or 'one-tap' access to a full range of services, super apps provide next-best-action recommendations and offer additional support for every action taken in any part of the ecosystem.

## 3.4 Integration of intellect powering newer opportunities

### Capitalizing on the concept of harmony through integration

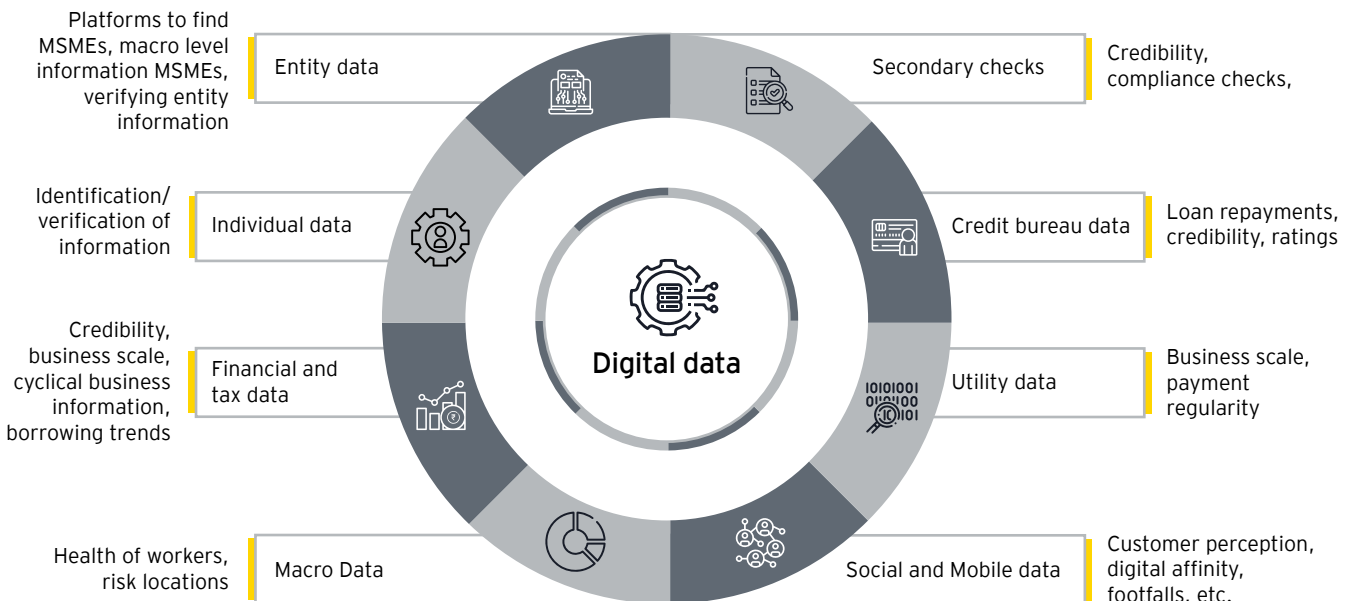
Insurance companies collect a wealth of data themselves. The power of analytics today enables them to use it in a way that was not considered before. Regulatory bodies that act as a common repository for all insurers, there is a significant headroom for insurers to capitalize on the power of data today.

Additionally, alternate data form third-party sources, including individual data, location, utilities and more, can be leveraged today to create differentiation across the value chain. With the implementation of the Ayushman Bharat Digital Mission (ABDM), insurers further have an opportunity to access accurate data to create a seamless servicing and claims experience.

### Key takeaways

- ▶ Huge opportunity to accurately analyze data and build customized offerings for better market share.
- ▶ Availability of common repositories and alternate data could be utilized in innovative manners.

### Alternate data will help insurers customize propositions, better underwrite risks Case in point: MSME



7. Ernst & Young LLP 2022 Banking transformation for new generation consumer survey for India

## 3.5 Supportive regulatory environment to foster innovation

### Creating a win-win for insurers and customers alike

As insurance companies strive to make processes leaner and experiences better, the regulator is also facilitating a conducive environment where innovation can flourish, and policyholders' interests are safeguarded.

Recent regulations around the Account Aggregator framework, disallowing exclusions, standardization, wellness, and variable premiums in health insurance are all steps in the right direction. There is also an increased focus to improve transparency, curb mis-selling and enhance consumer trust through data privacy and protection guidelines. The Arogya Sanjeevani policy, a standard health product, has been mandated to be offered by every general and health insurance provider in the country.

Additionally, regulatory sandbox has been successful in fostering innovation and reducing go-to-market time for OPD covers, specialized bite size products and short-term coverages.

### Key takeaways >

- ▶ Regulatory support enabling data led innovations, improved transparency, and customer trust.

### Use cases

- ▶ Monetary Authority of Singapore and Ministry of Health, Singapore, are creating an integrated tech platform which will allow health care providers to retrieve patient's health and policy details leading to better claims experience, reduction in duplication of claims and faster turnaround time.
- ▶ CMS (Centers for Medicare & Medicaid Service) in the US has established interoperability along with secure access and exchange of health data to all the stakeholders including insurers.
- ▶ Central fraud database (Netherlands), which stores all the historical losses incurred by insurers and its exchange with other participating insurers, which allows insurers to recognize, analyze and prevent the misuse of insurance.





# Outlook: Harnessing the power of data and analytics

Insurers can now yoke the voluminous customer data and cloud analytics to offer hyper personalization and enhance profitability

By adapting to the data driven revolution, insurance incumbents must offer a differentiated customer experience that leans towards uberization. They could utilize the power of advanced analytics to provide customized, need-based solutions for specific segments. Further, they may want to evaluate alternate data sources to create custom propositions. This could be done through:

- ▶ Creating common data exchange platform
- ▶ Generating insights from the IOT data
- ▶ Creating a framework for data standardization and exchange
- ▶ Usage of health engines for dynamic health score and pricing
- ▶ Reviewing underwriting guidelines around product customizations, discounting, etc.

### The power of interaction

Often organizations fail to realize that human center forms a single yet sound data platform that can potentially connect systems and services with a consistent view on every relationship. Insurers stand to benefit by utilizing this magic card of 'human center' by monitoring interactions across the value chain in garnering well qualified leads, seamless customer experience and a better customer service delivery. It would mean drilling down the distribution and customer network and revisiting how and where they interact with their customers and stakeholders. The feedback from these interactions could be utilized to improve the performance of core operations and the service-delivery model.

### Four key benefits of the power of interaction with customers and stakeholders:

#### 1. Prospects to clients and beyond

Track interactions across all insurer's properties and touchpoints from initial anonymous sessions to point of lead identification.

### Key takeaways

- ▶ With customer's willingness to share data, they expect an uber experience.
- ▶ **Businesses must implement analytics - based strategy to elevate customer service, sharpen operating model and improve customer journey.**
- ▶ There is substantial merit in evaluating interactions to improve the core operations, business performance and overall service delivery model.

### 2. Single view of client

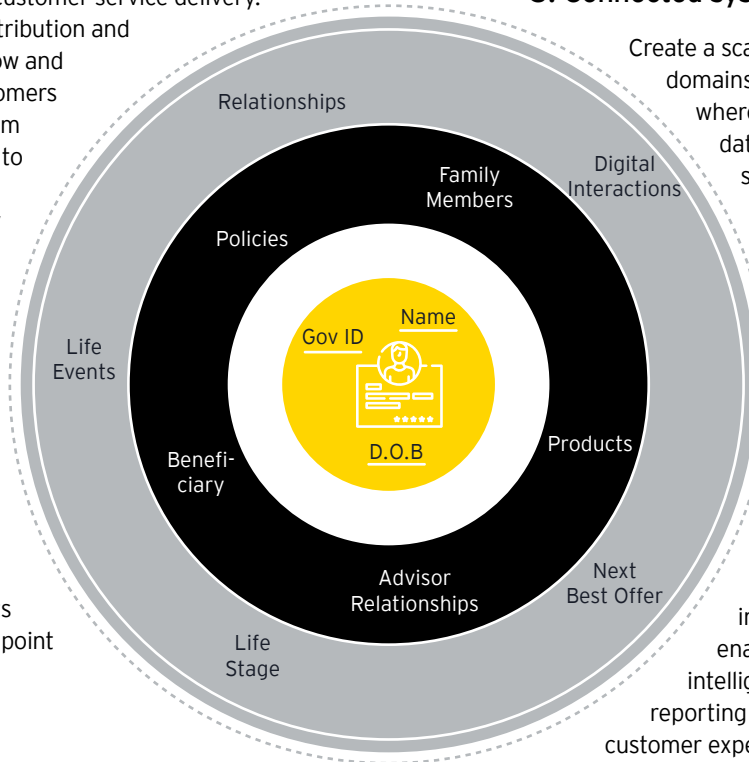
Create a single, unique ID that links all relationships and interactions with a customer and insurer, including but not limited to customer policies, claims, beneficiaries, advisors, etc. Let the business data stewards govern quality at each step to ensure a golden record is maintained for every customer.

### 3. Connected systems

Create a scalable data model across domains and lines of business where the unique ID allows data to be retrieved across systems of record governed through controlled access.

### 4. Events and data streaming

An individual human center must be configured to generate events to notify subscribing systems for downstream processing in real time. This would enable an improved business intelligence and operational reporting leading to a sound customer experience.



An individual human center must be configured to generate events to notify subscribing systems for downstream processing

in real time. This would enable an improved business intelligence and operational reporting leading to a sound customer experience.

## Data analytics use case across insurance value chain

Products/Prospecting	Customized offerings	Dynamic pricing basis persona	Personalized engagement	Right time to engage
Distribution	Recruitment and training optimization	Omni-channel experience	Personalized prospecting	Attrition management
Onboarding	Segmented journey	Need analysis	Product optimization	Financial and medical profiling
Underwriting	Income estimation model	Counter-offer/Waivers	Fraud detection	Dynamic pricing
Renewals	Personalized communication	SI deactivation predictor	Communication medium and time	One view of customer interactions
Customer servicing	Complaints analytics	Persona based VAS	Sentiment analysis	Custom cross sell/upsell opportunity
Claims	Fraud detection	Automated and digitized assessment	Risk prevention prioritization	Mortality experience

### 4.1 My Insurance, my choice

#### End of one-size-fit-all approach, persona-mapped insurance covers are here to stay

Acting upon the need to deliver personalized and relevant propositions could be a strategic differentiator for insurers. It is imperative for players to better understand their customers through data. Further, to cater to the needs of specific customer segments, such as rural, SME and GenZ, among multiple others, insurers must evaluate creating differentiated propositions. They could also evaluate:

- ▶ Modular term covers that allow customers to increase or decrease sum assured like a subscription model
- ▶ On-demand short term covers for adventure seekers, home, or shop owners
- ▶ Low ticket bite-size covers for single disease and belongings

Additionally, alternate data sources could be leveraged to strengthen mortality tables and offer differentiated pricing to customers based on their profile, geography, and other external factors.

#### Key takeaways

- ▶ Insurers need to better understand their customers through data and create on-demand, flexible covers.
- ▶ Account aggregators, telematics and alternate data sources could be utilized more effectively to create customized offerings for niche segments.

GENERALI	ZURICH	PINGAN
----------	--------	--------

**Profile-based differentiated pricing**

Acquired MyDrive Solutions to profile driving styles for the customers and favorable tariffs for low-risk drivers

**Customized need-based products**


Launched usage-based product after observing changes in customer behavior using Telematics

**Digitization and personalization**

Uses AI to build a biological record of each customer


**Use cases**

- ▶ An Indian General insurer in has launched innovative 'pay-how-you-use' motor products which lets the customer decide cover basis kilometre slabs or daily rate along with the flexibility to 'switch on/off' coverage.
- ▶ Adventure sports and other high-risk activities and professions are being covered by leading general insurers.
- ▶ A UK-based insurance company offers hourly car insurance basis registration number, value of the car and time for coverage.



**Developing segment specific covers**


Creating customer profiles and segments to offer customized products and services



**Redefining mortality tables**

Redefining mortality tables to include variables like:

- ▶ Environmental factors
- ▶ Health check status variables

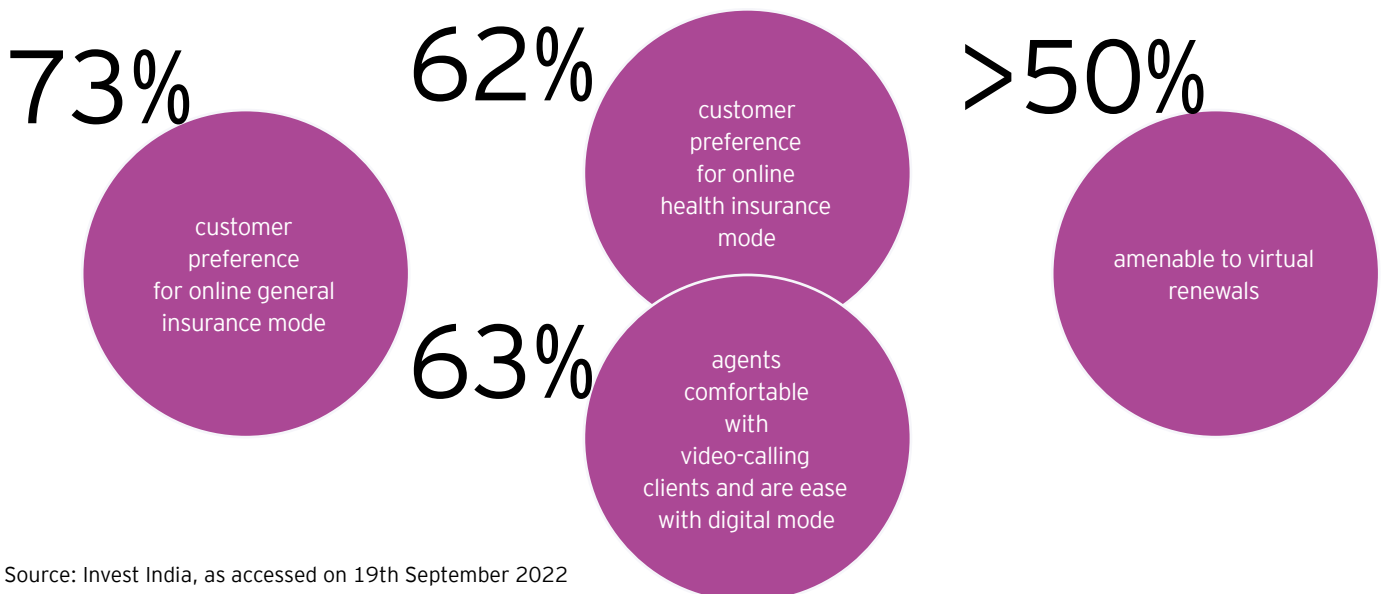


**Differentiated pricing**

Discounts to customer on Insurance product purchases basis data collected from various sources

## 4.2 Wherever I go, your network must follow

Prospecting needs to happen where the customer is



Source: Invest India, as accessed on 19th September 2022

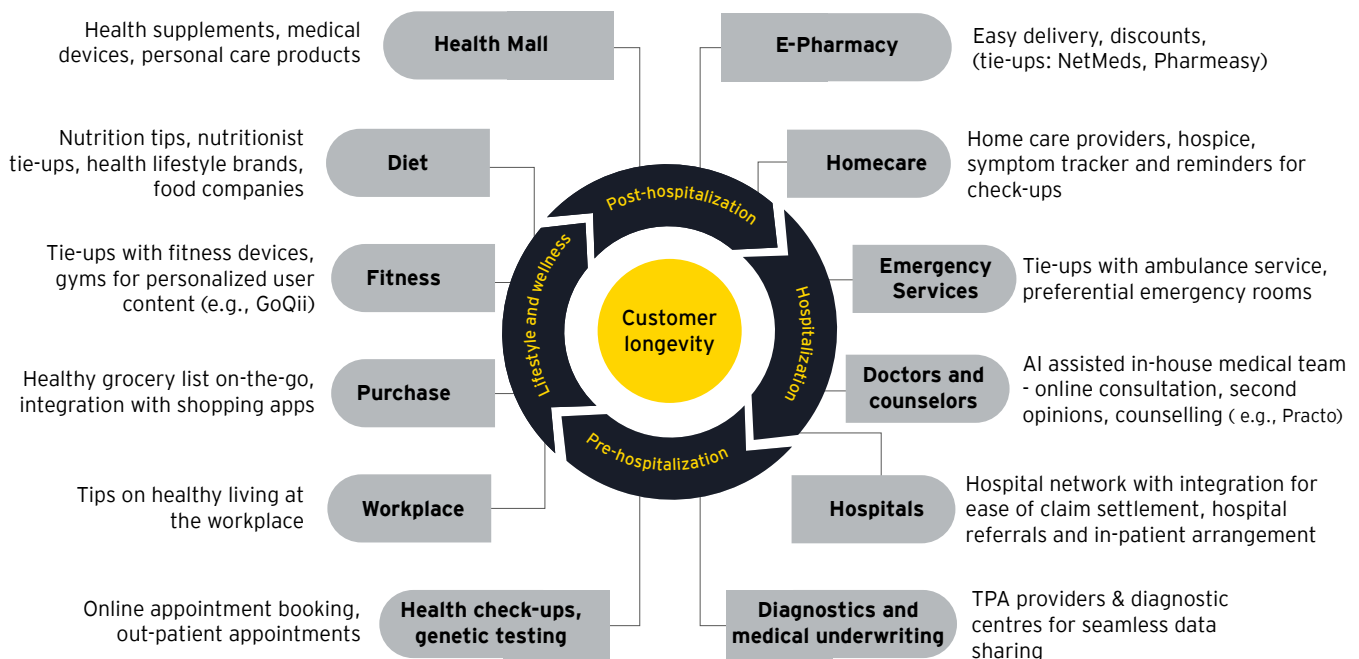
Insurers can unlock significant value by identifying the right customers and the best mediums to target them. Capturing online and offline footprints of customer into a well-calculated algorithm that targets customers at the right time may be the best bet in prospecting the new generation of customers.

- ▶ Enable customers to switch seamlessly between online and offline channels. Adding human touch to online prospecting basis probability of customer drop-offs will lead to better experience.
- ▶ Alternate data sources (like bureaus, entity, ONDC etc.) can be used in digital discovery of under-penetrated segments like MSME.
- ▶ Ecosystems like retirement and health can be leveraged to curate and distribute custom propositions.
- ▶ Automated profile specific triggers can be pushed to keep the customers engaged throughout the prospecting journey. Regular nudges like company's strengths in customer geography (no. of branches, claims experience), testimonials of similar profiles etc., will only enhance customer trust and improve conversion.
- ▶ Voice AI can be utilized for sentiment analysis on sales pitches.

### Key takeaways

- ▶ Insurers need to create omnichannel sales experience for customers.
- ▶ Newer avenues like ecosystems could be unlocked for customer discovery.
- ▶ Personalized sales triggers based on customer demography could lead to a more immersive sales experience.

## Insurers of the future will need to have an integrated health ecosystem through tie-ups with multiple health and wellness providers



### Use cases

- ▶ An Indian insurer has created a single view ecosystem with consumer's savings and investment across varied retirement instruments which assesses customer's preparedness for retirement and lets them plan for it.
- ▶ A Chinese insurer has created an ecosystem with an online car purchasing platform from where it generates one-third of customer leads for property and casualty segment.



## 4.3 Make it an experience I remember

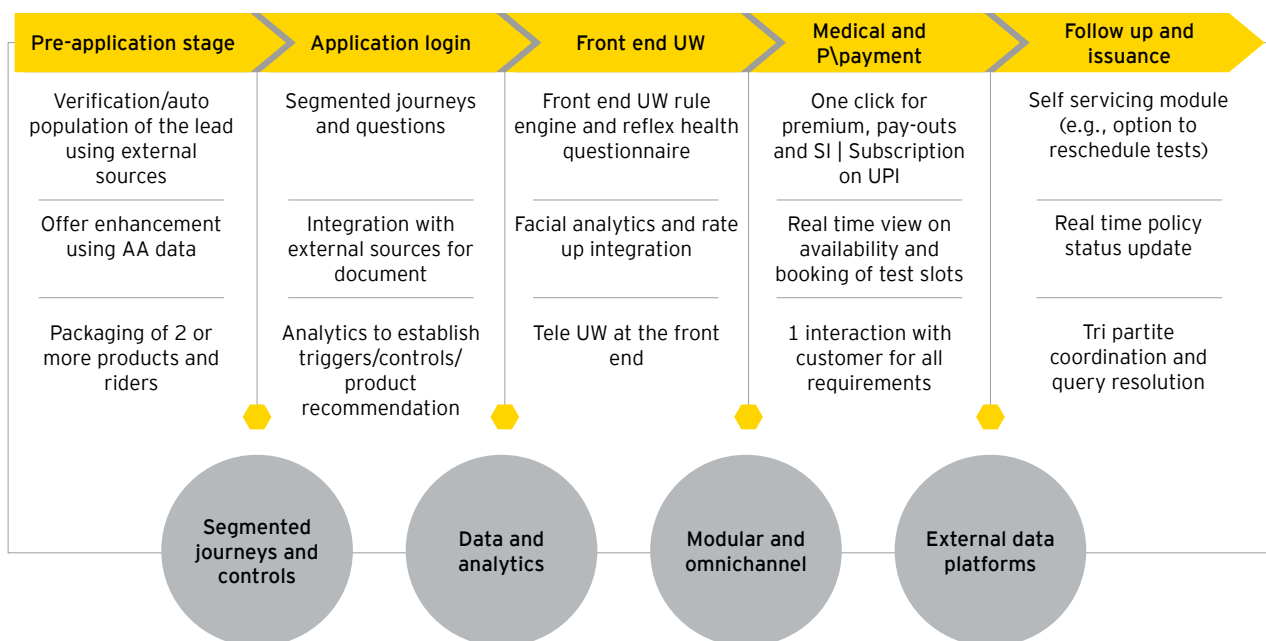
### Seamless onboarding is not just a good to have

Onboarding journey of the future will be customer centric and tailored to customer profile. A rural customer, for example, will have a completely different journey owing to the verification script, financial surrogates etc., that they will experience as compared to an urban customer. Leveraging India Stack, ensuring transparency of information and standardizing journey across the touchpoints will be key to enhance customer experience across the onboarding journey.

### Key takeaways

- ▶ Leveraging India Stack, JAM and account aggregators could lead to a more simplified and segmented onboarding journey.

### Customer onboarding: Leveraging data and technology for customers delight



### Use cases

- ▶ A leading Indian Insurer has tied up with third-party vendor for fetching bank statement details post customer consent, which helps in suitability analysis.
- ▶ Another Indian life insurer is customizing the onboarding journey, document requirements based on customer profile.

## 4.4 Ditch contemporary processes – I am digitally awakened

### Accelerated and dynamic underwriting will be key

Data-driven and personalized risk assessment is the future of underwriting. Tie-ups with right data sources will enable data-driven automated decision making. By smart use of analytics and technology - Optical Character Recognition (OCR) / Intelligent Character Recognition (ICR) upfront, insurers are expected to deliver a better customer experience and reduce transaction costs significantly.

### Key takeaways

- ▶ Underwriting needs to evolve from rule based to AI/ML powered version.
- ▶ Incumbents could explore tie-ups with FinTech, data aggregators and use financial surrogates to propel dynamic underwriting.

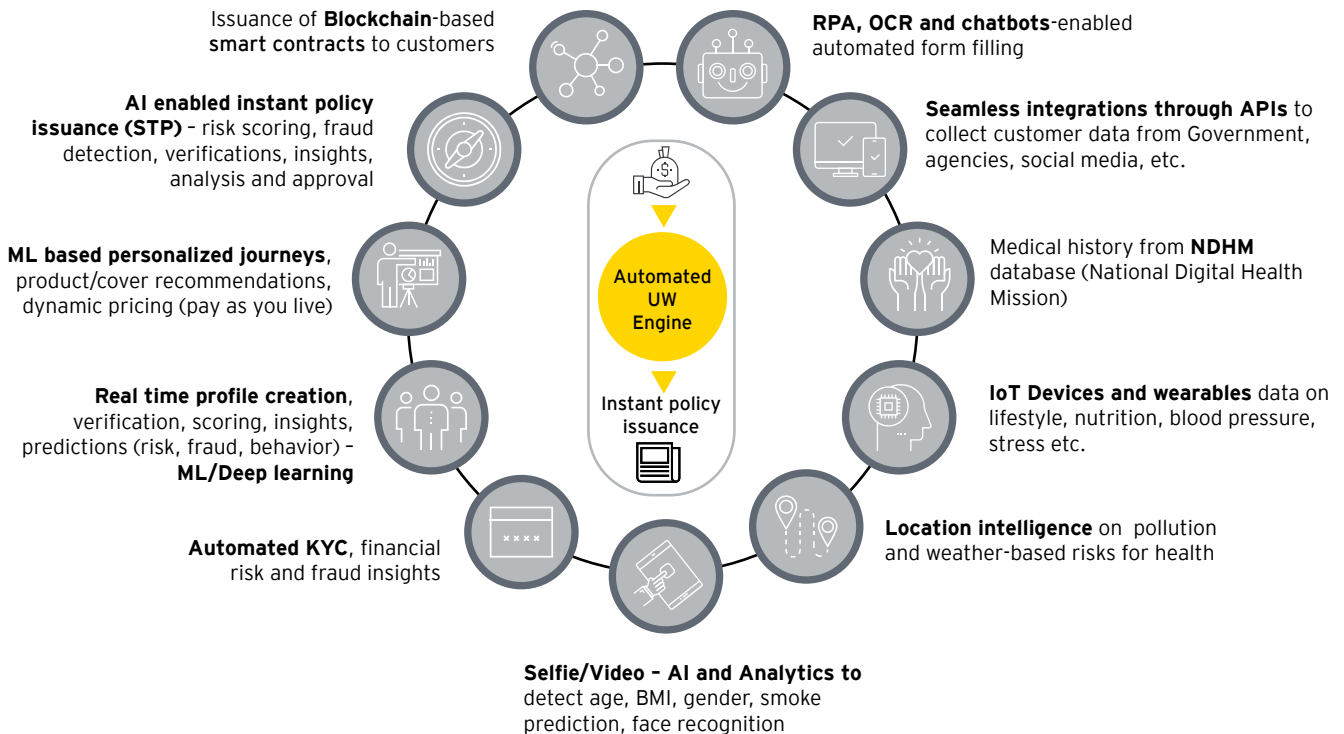
#### Use cases

- ▶ An Indian Insurtech is providing a personalized and data-driven risk assessment using historical data (using internal and external sources) along with its OCR capability for mining medical information.

#### Use cases

- ▶ Chinese-based insurer leverages Car Insurance Score, based on big data and AI to assess driver risk basis vehicle owner's profession, credit history, spending habits, driving habits, among others.

### Automated underwriting engines will propel complete digitization of the process



## 4.5 People are the face of the brand

### A world-class talent strategy needs to be the top priority

With human-centricity shaping as the common theme across industries, be it offering solutions to pocket the customer's loyalty or keeping employees at core, insurance players would need to level up the scorecard by moving beyond the quantifiable technical and interpersonal skills while onboarding employees. Human capital needs to be realized as a differentiating source of value for insurers. By onboarding the right talent and creating an attractive employee experience, they can achieve unthought targets. The incumbents would need to step away from the traditional hiring process to a more scientific and calculated version that puts together a comprehensive identity analysis through persona-based hiring.

- ▶ Persona-based hiring is an imaginary representation of an ideal candidate. It revolves around traditional technical and interpersonal skills as well as the quantifiable factors, such as the candidate's motivational drivers to establish a cultural fitment.
- ▶ Similar to customers retention, a well laid out strategy to retain employees would need to be prioritized as well. Revolving around the same concept of personalization, it would encompass putting out suitable training programs and incentives based on individual work profiles to ensure employees' growth, satisfaction, and ultimately, loyalty toward the organization.

### Key takeaways >

- ▶ Persona-based recruitment process and training programs that are profile specific need to be critical elements of the talent management and recruitment strategy.





# 5

## Call for action: Rowing the megatrends with spontaneity and collaboration

Inching for a better purpose

The industry is poised for good times with purposeful evolution, despite intimidating macroeconomic and operational challenges, brutal competition, and enduring tech-driven disruptions.

The advent of COVID-19 has brought the industry to the forefront of revolution owing to the challenges faced by both the customers as well as insurance players. Customers realized what absence of a protection plan can cause and insurers became open to the efficacies they could drive from serving

customers with what works best for them. Covid became a clear use case for the importance of the insurance industry – not only to the health and wellbeing of people around the globe, but to protect what is most valued.

The verdicts and actions policy makers take today can expressively stimulate the future of the industry and the lives and livelihoods of billions of people the world over. Here are some of the key imperatives that policymakers must evaluate to drive the future course of action.

## 5.1 Key Imperatives for the policymakers

### **Regulator to be trusted custodian of data:**

- ▶ Maintain a one-stop repository for all data by enforcing higher discipline among all entities for swift and accurate data uploads.
- ▶ Create data sharing framework for insurers to do analytics on their own.
- ▶ Establish standards and protocols to ensure data security.
- ▶ Explore privatization of the regulator to make way for better service standards and revenue model.

### **Amend guidelines for insurers to encourage investment in technology:**

- ▶ Allow Insurers to invest strategically in Insurtech firms to leverage technology and data to its best use.
- ▶ Consider relaxations in guidelines for insurers investing in InsureTechs and in new-age technology like AI, ML, data lake, BI among others.

### **Revise data related regulatory frameworks:**

- ▶ Revise regulatory frameworks around data privacy, data integrity and common/ central data exchange platforms to free them up from any implementation restrictions.
- ▶ Allow insurance companies to gather customer data in order to offer personalized products and services including loyalty programs and discounts.

### **Continue to build customer trust:**

- ▶ Leverage local communities and India Stack to enhance awareness, making way for seamless data sharing by customers.
- ▶ Simplify terms and conditions across lines of business and make them consistent across insurers.
- ▶ Revive grievance and redressal management framework including system governance, structure and processes.
- ▶ Devise consistent metric to be used for measuring customer satisfaction.

### **Shared Infrastructure to support growth**

Extend digital network infrastructure to banks, other financial institutions and local bodies in tier 3 and beyond including Common Services Centres Schemes (CSC) and Village Level entrepreneurs (VLE).

## 5.2 Key Imperatives for the insurers

### **Leverage Digital India Stack and proactively reach out to regulators with problems and solutions**

- ▶ Simplify the consent mechanism for AA platforms to enable more efficient and data backed underwriting.
- ▶ Maximize usage of Credit Bureaus and similar alternate data sources for claims, underwriting and fraud risk management.
- ▶ Leverage Ayushman Bharat Digital Mission (ABDM) to drive transparency and allow for a whiteboard of problems and their redressals; reach out to regulators with problems in digital stack such as sandbox and API layers.
- ▶ Strengthen digital payment architecture for onboarding and renewals.

### **Collaboration across industry players**

- ▶ Collaborate with other insurers to share information on specific use cases such as health insurance frauds, mis-selling by specific sellers/ regions.
- ▶ Put together a unified framework of subsequent actions taken including but not limiting to delisting of vendors/ sellers/ healthcare providers on such use cases for the benefit of the industry in general.

### **Adopt a tech DNA**

- ▶ Put technology to the best use and automate processes as much as possible.
- ▶ Proactively address customer challenges by leveraging technology and utilizing the power of data and advanced analytics.
- ▶ Ingrain agile way of working with roles of various functions linked with specific outcome.

### **Collaboration with Insurtech companies to enhance customer experience**

- ▶ While some leading players have integrated with Insurtech companies, there is opportunity for many others to integrate holistically.
- ▶ This collaboration could drive results not only in customer facing processes but also the middle office with underwriting and back office covering finance processes. It could also be utilized to reach out to regulators with problems in Digital Stack, such as Sandbox and API layers of Digital Stack.

### **Focus on data security and privacy risk**

- ▶ Protection providers have access to highly sensitive customer information, making them prone to cyber-attacks. Also, since the industry traditionally runs on trust, insurers stand a chance to lose a lot. Hence, ensuring adequate controls to prevent data leaks/manipulation and cyber-attacks must be in place.
- ▶ Create sound data governance and management practices to uphold customer trust.











# ASSOCHAM offices

## ASSOCHAM HEADQUARTERS

### New Delhi

4th Floor, YMCA Cultural Centre and Library Building,  
01, Jai Singh Road,  
New Delhi - 110001

### Bengaluru

No. 613, 6th Floor, Barton Centre, MG Road, Bengaluru - 560001.  
Tel: 080 41134838.  
Ph: 9036333975  
Email: umasnair@assochem.com

### Gujarat

608, 6th Floor, SAKAR III  
Opposite Old High Court  
Income Tax Cross Road, Ashram Road,  
Ahmedabad- 380014  
Gujarat, India.  
Tel: 079-2754 1728-29/2754 1876  
Ph: 9810825894  
Email: Vipul.bg@assochem.com

### Kolkata

Signet Tower, Unit 1002, 10th Floor  
DN-2, Salt Lake, Sector V  
Kolkata - 700091  
Tel: 91-33-4005 3845/41  
Ph: 9674312234  
Email: Perminder.kaur@assochem.com

### Ranchi

503/D, Mandir Marg-C  
Ashok Nagar  
Ranchi-834 002  
Ph: 6289850187  
Email: shubhabrata.rath@assochem.com

### Punjab

Office No. 426, 4th Floor  
Bestech Business Tower  
Parkview Residence Colony  
Sector 66, Sahibzada Ajit Singh Nagar  
Punjab - 160 062  
Ph: 0172-4800855, 4800865

### Mumbai

Vatika Business Centre  
Unit # G5, Ground Floor, and Unit No 02, 1st Floor, Trade Centre, Bandra Kurla Complex, Bandra East, Mumbai 400051  
Ph: 99675 37733  
Email: sumita.chakravarty@assochem.com

### Bhopal

DB Mall Pvt. Ltd. Block 1A, 5th Floor, DB City Corporate Park,  
Arera Hills, Bhopal- 462011  
Ph: 8017066203  
Email: sudipto.biswas@assochem.com

### Jaipur

Creware Business, 150/21, Shipra Path,  
Mansarovar, Jaipur, Rajasthan, PIN-302020.  
Ph: 8239065445  
Email: Tarun.sachdeva@assochem.com

### Jammu

Shree Toyota, Batra Group Complex, Milestone Zero, Narwal Bala, Jammu - 180 001  
Ph: 9419238684  
Email: amit.khajuria@assochem.com

### Lucknow

C/o Arinem Consultancy,  
1st Floor, Akash-II 31,  
Gokhale Marg  
Lucknow-226001  
Ph: 9958803536  
Email: shobhit.agarwal@assochem.com

### Odisha

Plot No. 692 Hata Sahi, Old Town,  
Near Lingaraj Temple,  
Bhubaneswar, Odisha - 751 002  
Ph: 9937682012  
Email: pradeep.nayak@assochem.com

### Goa

271/3 Indrayani, Opposite Wilsha Hotel,  
Central Government Society, Near Karmali  
Railway Station, Pether - Carambolim  
Tiswadi Goa  
Ph: 9763788399  
Email: darshana.kossambe@assochem.com

### Chennai

C/o Kauvery Hospital Corporate Office  
2nd Floor, No. 8 Murrays Gate Road,  
Alwarpet, Chennai - 600 018  
Ph: 8547957286  
Email: anu.pillai@assochem.com

### Hyderabad

C/O Axis Energy Ventures India Pvt. Ltd.,  
Plot No. 3, PMR Plaza,  
House No. 6-3-680/8/3,  
Thakur Mansion Lane, Durga Nagar Colony,  
Somajiguda, Hyderabad - 500 082  
Ph: 8008234556

# EY offices

## **Ahmedabad**

22nd Floor, B Wing, Privilon  
Ambli BRT Road, Behind Iskcon  
Temple, Off SG Highway  
Ahmedabad - 380 059  
Tel: + 91 79 6608 3800

## **Bengaluru**

12th & 13th floor  
"UB City", Canberra Block  
No. 24, Vittal Mallya Road  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

Ground Floor, 'A' wing  
Divyasree Chambers  
# 11, Langford Gardens  
Bengaluru - 560 025  
Tel: + 91 80 6727 5000

## **Chandigarh**

Elante offices, Unit No. B-613 & 614  
6th Floor, Plot No- 178-178A  
Industrial & Business Park, Phase-I  
Chandigarh - 160 002  
Tel: + 91 172 6717800

## **Chennai**

Tidel Park, 6th & 7th Floor  
A Block, No.4, Rajiv Gandhi Salai  
Taramani, Chennai - 600 113  
Tel: + 91 44 6654 8100

## **Delhi NCR**

Golf View Corporate Tower B  
Sector 42, Sector Road  
Gurugram - 122 002  
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1  
IGI Airport Hospitality District  
Aerocity, New Delhi - 110 037  
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B  
Tower 2, Sector 126  
Gautam Budh Nagar, U.P.  
Noida - 201 304  
Tel: + 91 120 671 7000

## **Hyderabad**

THE SKYVIEW 10  
18th Floor, "SOUTH LOBBY"  
Survey No 83/1, Raidurgam  
Hyderabad - 500 032  
Tel: + 91 40 6736 2000

## **Jamshedpur**

1st Floor, Shantiniketan Building  
Holding No. 1, SB Shop Area  
Bistupur, Jamshedpur - 831 001  
Tel: + 91 657 663 1000

## **Kochi**

9th Floor, ABAD Nucleus  
NH-49, Maradu PO  
Kochi - 682 304  
Tel: + 91 484 433 4000

## **Kolkata**

22 Camac Street  
3rd Floor, Block 'C'  
Kolkata - 700 016  
Tel: + 91 33 6615 3400

## **Mumbai**

14th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (W), Mumbai - 400 028  
Tel: + 91 22 6192 0000

5th Floor, Block B-2  
Nirlon Knowledge Park  
Off. Western Express Highway  
Goregaon (E)  
Mumbai - 400 063  
Tel: + 91 22 6192 0000

## **Pune**

C-401, 4th floor  
Panchshil Tech Park, Yerwada  
(Near Don Bosco School)  
Pune - 411 006  
Tel: + 91 20 4912 6000

## Ernst & Young LLP

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit [www.ey.com/en\\_in](https://www.ey.com/en_in).

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at 22 Camac Street, 3rd Floor, Block C, Kolkata - 700016

© 2022 Ernst & Young LLP. Published in India.  
All Rights Reserved.

EYIN2211-018  
ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

TD / AGK

## About ASSOCHAM

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country's oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than 400 associations, federations, and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward-looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than 100 national and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These Councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities - Sustainability, Empowerment, Entrepreneurship and Digitisation. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the government, regulators, and national and international think tanks to contribute to the policy making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects. Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven 'Knowledge-Based Economy'. The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

### Contact us

Dr. Rajesh Kumar Singh  
Joint Director & Head  
Department of Banking & Financial Services, ASSOCHAM  
[rajesh.singh@assocham.com](mailto:rajesh.singh@assocham.com)

ASSOCHAM HEADQUARTERS  
4th Floor, YMCA Cultural Centre and Library Building,  
01, Jai Singh Road, New Delhi - 110001

[ey.com/en\\_in](https://ey.com/en_in)

