KPMG

Digital disruption in the insurance industry

Digital-CIO Advisory (FS)

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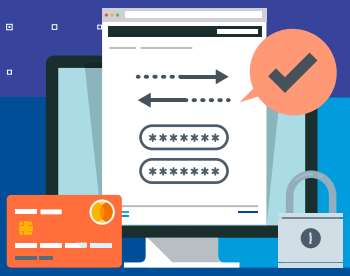
Table of contents

Foreword



Given the technological advancements in blockchain, Artificial Intelligence (AI) and machine learning, the insurance sector may witness faster growth in the near future. Add to it the benefits the industry is drawing from technological disruption in the existing business models.

Insurers are capitalising the potential of technology to address rising consumer demands and expectations to drive retention loyalty towards the brand, improved operational efficiency and profitability. As insurance providers experience the age of digitisation, it is playing a key role in shaping their future.

Businesses have started adopting robotics and the greatest focus has been around Robotics Process Automation, particularly in the BFSI sector where processes are highly repeatable, regular and routine. But software robots (bots) are also hard at work across the wider insurance enterprise – supporting management decisions, facilitating transactions and even managing aspects of office security.

AI is changing the way customers interact with insurance businesses. Intelligent automation systems have also helped migrate from rule based decision

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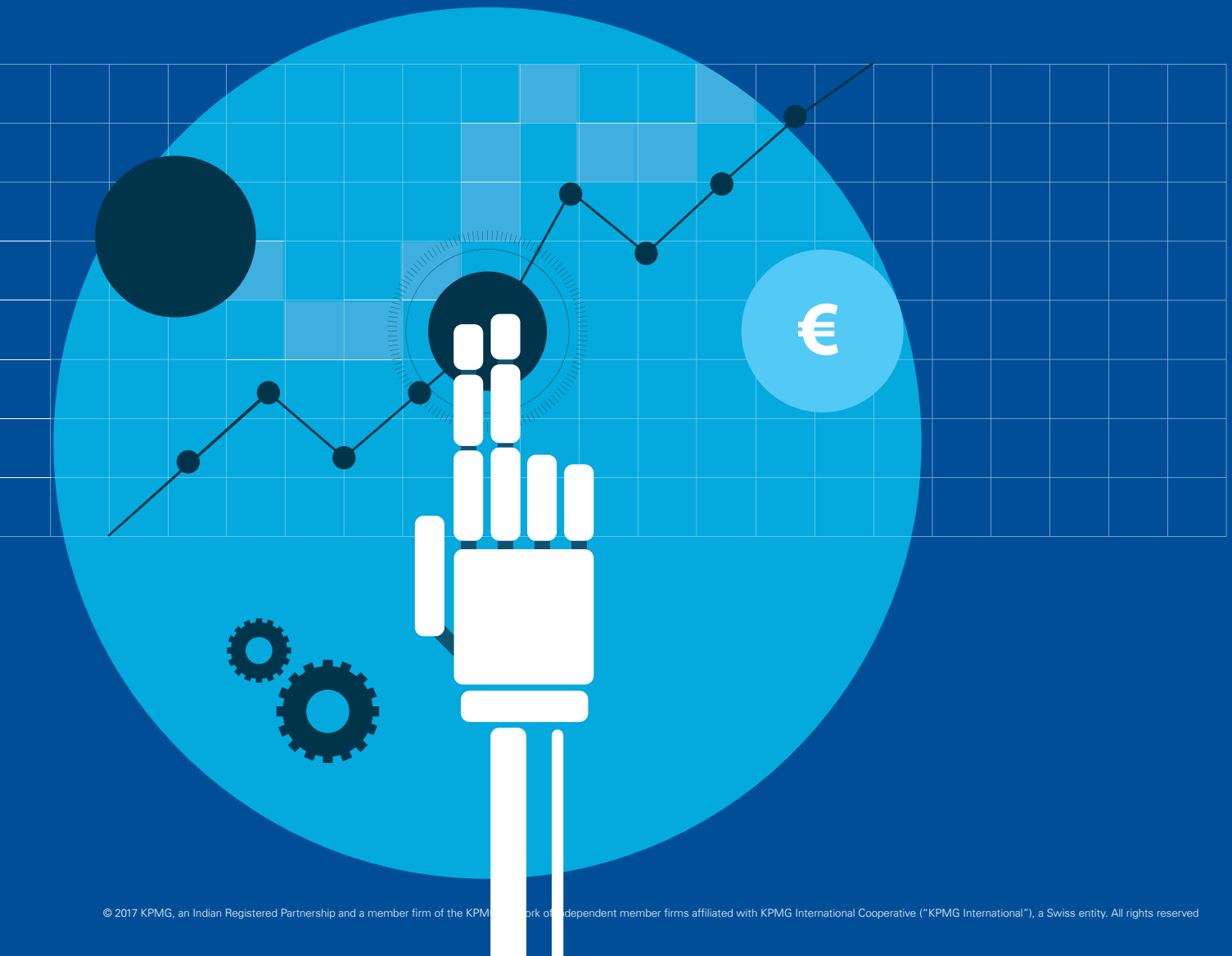
systems to statistical learning and subsequently machine learning. Further, AI also assists in risk mitigation through higher forecasts accuracy and calculation of probability and magnitude of potential losses in a manner which could not be conceived before.

The evolution and adoption of technology in the insurance sector has seen a tremendous growth. This has led to increase in penetration of the services to a larger audience leading towards holistic progression. We have studied some of the potential growth areas and analysed their impact on the overall operations.

We hope you find this publication insightful, we welcome your suggestions and feedback on the same.



Introduction

Disruption in the insurance industry is inevitable due to the redundancy in the tasks that the sector carried with itself as the nature of most of the tasks is repetitive. Disruption is conceived to be three-dimensional. Digital disruption in the insurance sector and business in general allows companies to sail on three different dimensions to explore their business model by experimenting and improving their product, customer service and reduction in cost. The strategy to concentrate on just one dimension to run the business is no longer viable and many thriving businesses lose out to their competitors when they fail to establish a connection between these three dimensions.

The insurance industry of India consists of 53 insurance companies of which 29 are in the non-life insurance business and 24 are life insurers[1]. In addition, General Insurance Corporation of India (GIC Re) is the sole national re-insurer in the sector.

Health insurance has a largely untapped market in India. Less than 2 per cent of the total healthcare expenditure in India is covered by insurance. The Compound Annual Growth Rate (CAGR) of health insurance premiums is a phenomenal 19.60 per cent with a major contribution through government sponsored schemes. Only 18 per cent of the urban population is covered under any health insurance scheme, giving the sector large potential to grow.[2]

India alone books about 360 million life insurance policies in a year which makes us one of the biggest markets of life insurance in the world, which is expected to increase at a CAGR of 12 to 15 per cent over the next five years. The penetration levels are touted to be hiked by 5 per cent by 2020.

Majority of businesses rely on transaction costs in the market. Digital intervention has significantly reduced friction in the business by bringing in convenience, value proposition, variety and many other benefits which were not possible earlier. Digital as a whole has made the system easy to understand and transparent for online users.

With information being a tool for disruption. Technology should now be seen as a means to disrupt the current business models rather than means of only reducing the human efforts put into the task. The competitive advantage is no longer about having information which the competing firm doesn't have, it is about providing the value proposition that competitors can't provide. With people leveraging the power of the internet and information being more readily available, new businesses are using it to disrupt current business models. Through decades, we have seen that the big bang disruption often happens in industries which were highly regulated and with the insurance industry being apart of them, it was always inevitable.

The four key points leading to disruption in the insurance industry in the Asia Pacific region are:

Intangibility: The entire value chain of the insurance sector can easily be made digital

Existence of foreign models: European countries have already demonstrated the emergence and establishment of this new model, the success of which can be replicated in Asian countries.

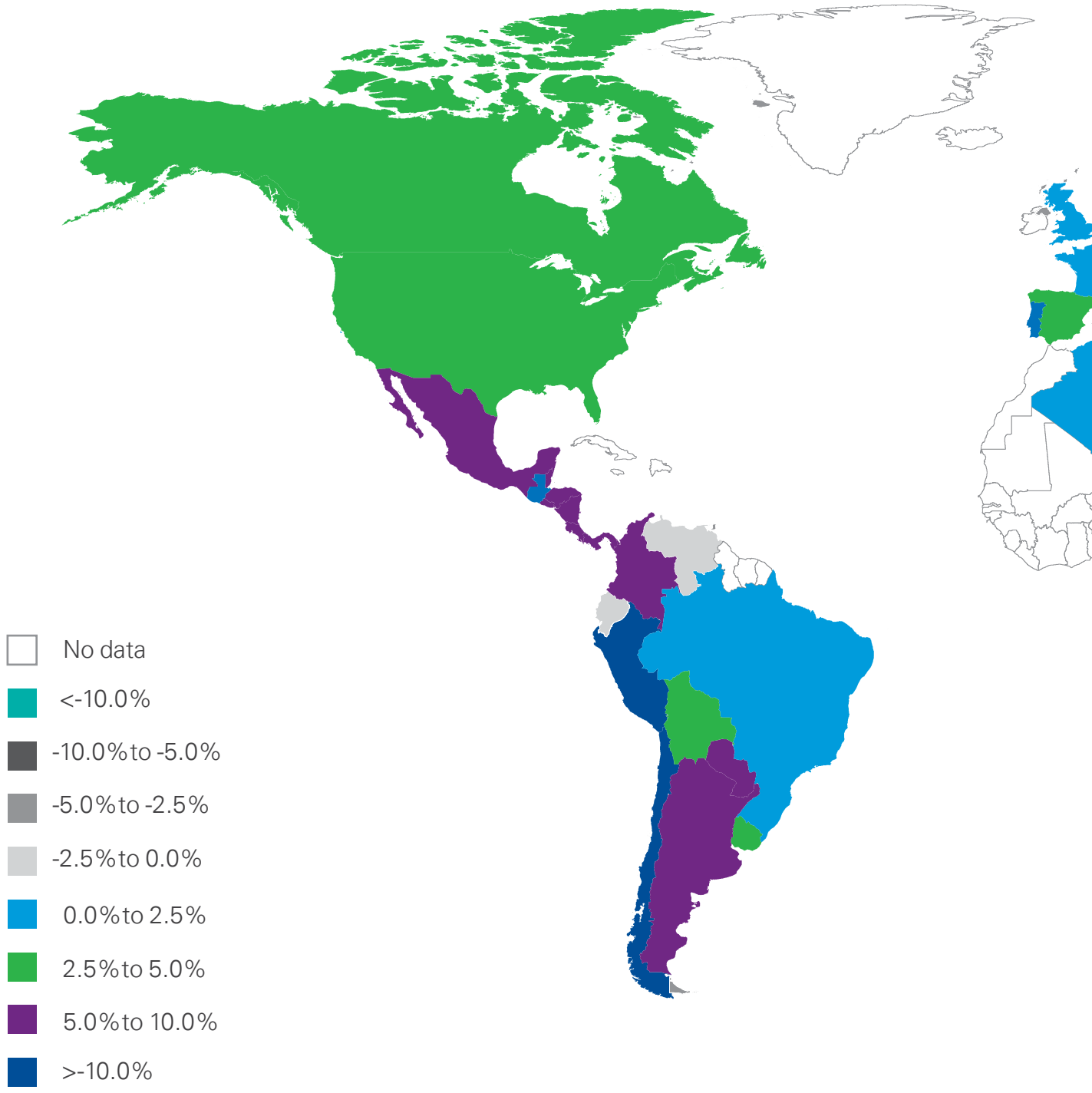
Environment for innovation: The existing framework allows companies to carry out low-cost experimentation with the framework and other models.

Digital assets: Asian countries have huge databases which can be leveraged both in the Asian countries and globally.

Customers in the insurance domain are increasingly demanding technology-driven products which will push insurers to look for alternatives. Digital will be a means for not just upselling insurance to existing clients but to also acquire new clients and for providing better and more enhanced customer service to existing customers. The focus will be to increase the role of technology for better customer service. Technology will help create simpler, faster, affordable and newer business models which will help companies provide a more affordable option in insurance to the underserved population in Asian countries.

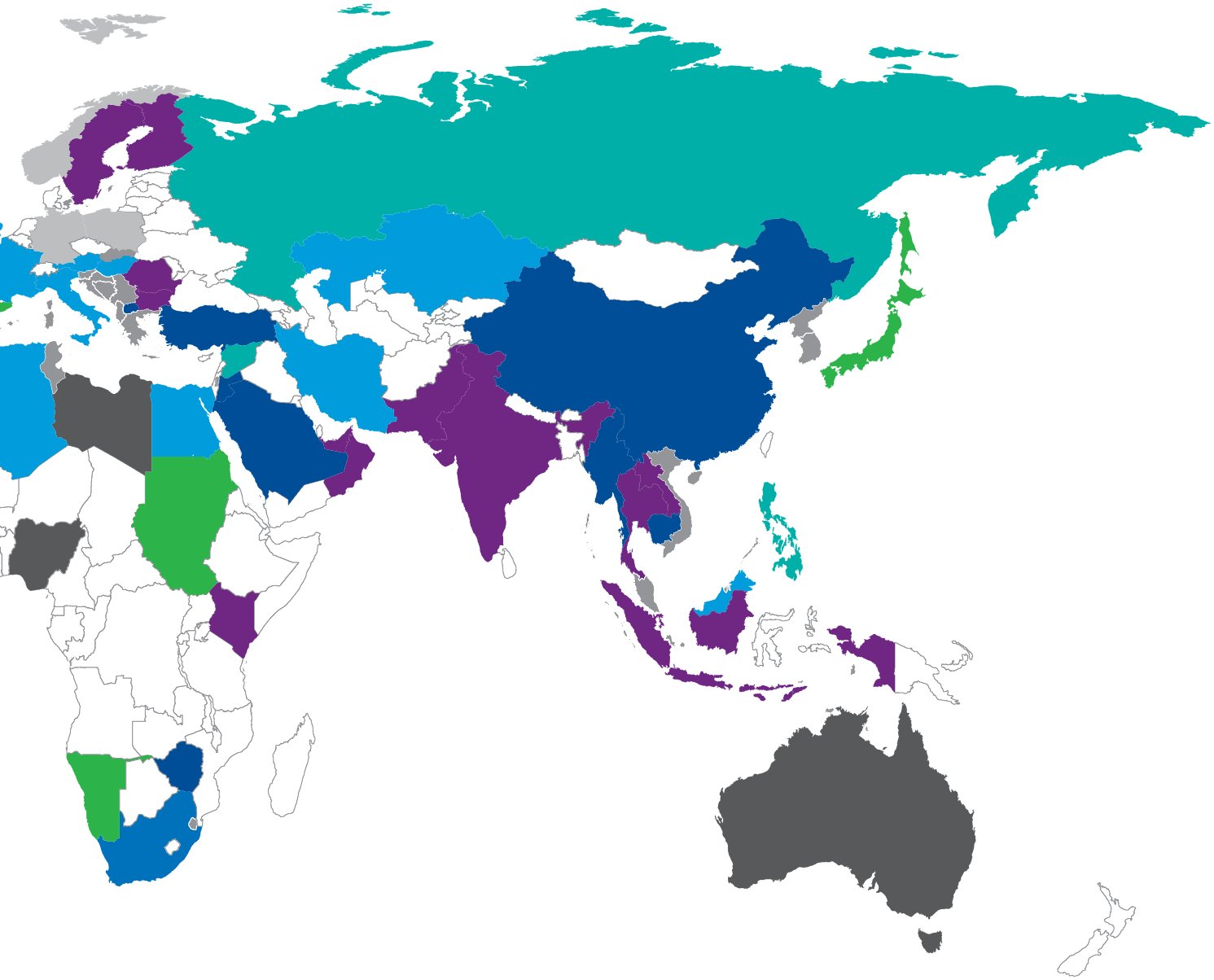
1. Indian Insurance Industry Overview & Market Development Analysis, India Brand Equity Foundation, April 2017
2. Healthcare- India Opportunities, India Brand Equity Foundation, Jan 2016

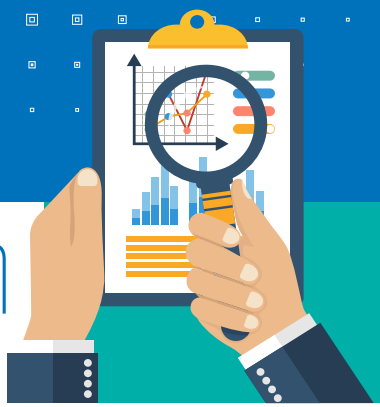
The map below highlights the growth of premium in the Indian subcontinent, wh
shows huge potential not just for India but other Asian countries as well which ha



Source: Swiss Re Economic Research & Consulting

ich is between 5 to 10 per cent (better than most countries globally). The sector ave fared better than most European and North American nations.





Current state of the Indian insurance market

Around 750 million people in India are touted to be insured in FY 2020. Life expectancy will touch a base of 74 years which is better than the previous years. By the end of this decade, 35 per cent of total savings will be a part of the life insurance sector as compared to 26 per cent in 2009 to10.

The life insurance sector is expected to witness an enormous growth in the coming years as the regulatory framework in the market is changing which is giving companies more incentives to come up with new products and insurance policies. This change is making products more affordable and easily available to the normal public. The future looks promising.

This growth in the life insurance domain is due to many demographic factors which includes the young insurable, working population of India (the growing proportion of which comprises the middle class), awareness about the advantages of life insurance, planning for retirement, etc., among many others.

Rising disposable incomes and a healthy economic growth to provide a boost to the demand for insurance policies in markets such as India, China, Singapore, Hong Kong, Malaysia and Thailand. Economic growth in the Asia Pacific region is predicted to remain at 5.3 per cent in 2017 with a slight contraction from 6.4 per cent in 2016 to 6.3 per cent in 2017 in the emerging markets, according to the International Monetary Fund (IMF). Due to increase in net exports and domestic demand, India is expected to outpace China in the coming year in demand for insurance products.

In the Union Budget 2017-18, the Union Cabinet approved the government's share to come down to 75 per cent from the earlier 100 per cent after its decision to publicly list five state-owned general insurance companies, which is likely to bring in more transparency in the system and greater accountability. This can help companies raise funds in the capital markets. Two committees are working under the instruction of the Insurance Regulatory and Development Authority (IRDAI) to find ways to use ecommerce to increase penetration in the insurance domain along with the possibility of introducing new products.

One of the biggest impacts of digital disruption in any Business to Customer business such as insurance is on the quality of customer experience and service. The advent of digital age has made sure that the customer is well equipped with the required knowledge, making it extremely important for insurance companies to provide a seamless omni-channel experience to their customers. A customer may choose to buy a policy, change a policy or do initial research for any other purpose, while the company is responsible for providing enhanced customer support to retain its customers.

Key government initiatives:

Subsidies: The Union Budget 2017-18 made provision for subsidies in premiums of Pradhan Mantri Fasal Bima Yojna (PMFBY) The subsidy for crop insurance itself is to the tune of INR9000 crore.

Privatisation: As mentioned earlier, the government has decided to list five state-owned general insurance companies and reduce its stake to 75 per cent. This will enable companies to utilise the capital markets to meet funding requirements.

Regulations: In order to increase financial inclusion and insurance penetration, IRDAI to form committees to promote e-commerce in the industry. It has also formulated a draft regulation to obligate insurers to provide services to rural and economically weak sections of the society.[3]

Investment: The Foreign Investment Promotion Board (FIPB) approved 15 Foreign Direct Investment (FDI) proposals in the sector.

This dependency on technology is making India and other insurers around the world look at mobile technology with a completely different outlook. The use of cognitive analysis, data tracking and other means to study the market trend analysis is becoming the new norm to upsell and cross sell insurance. The virtual assistant (human or a robot) is taking the whole process to yet another level. It is serving the customers as an assistant to buy policies by advising and supporting in the process. The assistant, in case of a human, is an experienced person who usually provides support services online to customers or a robot programmed with Artificial Intelligence.

3. IRDAI website

Digital disruption

Digital disruption as we've discussed, has many aspects and we will be discussing the three main concepts which are responsible for changing the landscape of the insurance sector. When compared with other sectors, insurance lags in terms of technology adoption. Although the use of technology is pervasive across spheres such as customer service, claim management, underwriting, introduction of new products, etc., this sector is yet to integrate all the data from analytics and mobile to come to predict trends in the markets. We will briefly touch upon robotics, machine learning and blockchain technology and their role in the insurance sector.

Robotics- Game changer for insurance industry

The digital age has forced companies around the world to think of ways to replace human effort with Artificial Intelligence (AI) and robotics. The availability of big data, powerful computing, analytics and AI has made it a reality. First example that comes to mind when we think of AI are virtual assistants which helps the customer to choose the type of policy and other related processes which earlier required a sales representative from the company. The insurance industry is slowly adopting technology to do much more.

The claims process is a highly manual job which includes excessive amount of paperwork which increases the scope for inconsistencies and errors. The process is not only time consuming but also costly. As claims processing is at the heart of any insurance company, a certain level of automation was brought in a few years back (scanning of pdf documents) in the system to create a digital trail. Automation also brings complications in the form of change of code and the program in the system if the process needs to be changed even marginally. Manual intervention, thus, became a necessity.

Robotic Process Automation (RPA) is conceived as the answer which combines all the systems and processes end-to-end and makes the entire process uncomplicated. Although it has its own set of challenges, it has been successful in bringing in more consistency, resulted in fewer errors and has been more efficient in terms of time for the whole task.

Key features of RPA

- Real-time data available in the system with audit trails and other dahsboard functionalities present
- Automation of claim settlement through well defined rules in the system
- Data can be extracted from all channels
- Claims can be processed from any channel
- Integration of data, IT and all relevant sources to process the claim
- Precision matching of all records before authorisation

Machine learning and cognitive learning rely heavily on the repository of data available with the company. Data poses a huge challenge here. The data from the past may have worked on auto moralities, which may not apply in today's scenarios, which poses difficulties for the robots to learn the task.

A recent experiment showed how the 'chatbot' behaved on the basis of the quality of the data fed into the system. Better quality of data led to better responses to the questions raised during the experiment. The value of cognitive robotics depends on the quality of data and the 'shared truth' in the system which will help unlock the right data from the system.[4]

There is industry-wide concern around the loss of jobs due to the intervention of robotics. Although unskilled jobs may be lost due to this, there is also a rise in new job profiles such as coding, monitoring, risk analytics, pattern recognition, etc. repetitive tasks which were redundant for employees will be taken over by robots, while most value-adding employees can be retained by imparting to them the skills required to do these new jobs. Displaced employees can be encouraged to perform sales, marketing, cross selling, upselling and other tasks in the changed scenario, which provides them an opportunity to develop their skillsets and add further value.

Key benefits of adopting RPA for the industry-

Increased ability to not only compete in the market with improved and streamlined distribution but also bring in greater efficiency and profits with the introduction of new business models.

Operational costs and other investment in the data are low, and hence, companies are now open to providing more innovation during customer service interactions.

The cost incurred to market will come down significantly. Not only the cost but also the time to market in different geographies with personalised products and other offering will come down which was earlier associated with the legacy systems.

RPA is a consortia of AI tools, including machine learning, virtual agents, natural language classification and computer vision. Image classification for claims, text analytics for servicing customer queries and other tasks are part of the applications that come under AI. Augmentation and automation in the insurance industry shall be driven by [5]AI[6], which will further require the integration of the legacy system and data with the new systems.

Robotics has the potential to become the future of the insurance industry in many ways which can pave way for lesser human intervention, more efficiency, reduced costs, development of artificial intelligence for taking informed decisions for the customers and innovation in customer service.

CEOs need to consider this cultural shift keeping in mind many dimensions. What is the level of automation desired by customers? What is the level of robot intervention that is acceptable? What is the strategy that can be adopted to seamlessly make employees and robots work together? How to maximise profits by using robots.

4. Robots have arrived in the insurance industry. Are you ready?, KPMG in Australia, January 2017
5. Beyond Automation, Harvard Business Review, June 2015
6. Beyond Automation, Harvard Business Review, June 2015

Machine learning in insurance

In recent years, AI has seen an exponential rise in its adoption across industries. It has now become evident that to maintain a strong hold in the market, insurance firms can't ignore artificial intelligence and machine learning. Insurance companies are fast adopting the latest technologies to implement game-changing business models. According to recent market research conducted by Technavio, the global insurtech market is expected to experience steady growth with a CAGR of more than 10 per cent by 2020.

Today, AI solutions are poised to improve time-to-market, operational efficiency and enable a more intelligent way to sell and service. The rising trend of process automation and lean compliance in the insurance sector will catalyse the emergence of machine learning across geographies in the near future. With the rise of big data analytics and the emergence of new data sources, the opportunity to apply machine learning techniques has never been better across new fields of insurance.

Machine learning is the science of finding patterns in your data in an automated manner using complex algorithms. It establishes descriptive and predictive data models after exploring all the data available that is captured through new data sources such as Internet of Things (IoT), telematics, social listening and external data sources, and empowers a machine to think, build a deeper understanding of the entities and react through highly informed decisions and course corrections. Amid intensifying competition in the industry and emerging disruptors, insurance companies need to drive growth and efficiency while aligning with their goal to cut costs and optimise operations.

While in the past, the insurance sector has been dependent on historical and current data of the business at hand and predictive analysis and modelling based on the same, the industry is now witnessing a shift towards machine learning, which is more progressive. One of the biggest advantages of machine learning is its capability of computing and making sense of apparently dissimilar datasets whether unstructured, semi-structured or structured. On the other hand, real-time instant information sharing helps the systems incrementally adapt as data is further obtained, thus facilitating a continuous learning curve.

The adaptive algorithms enable systems to better understand what is happening in the market, and more importantly, recognise dynamic customer needs and desires with unprecedented granularity, and have proved to provide simple, seamless and intuitive process and experience to the customers in return.

Key merits of machine learning:

Technology intervention would equip insurers to respond to market challenges better and faster than their competitors in a dynamic business scenario. Insurers can develop real-time knowledge of candidates' be¬havioural and socioeconomic activities, recognise microscopic changes in the mar¬ket that affect them, and can lead to product and service innovations that provide a competitive edge to an insurer.

Enhanced efficiency in operations

AI-based consumer needs analysis can help improve the probability of lead-to-quote conversion by insurers, thus re¬ducing turnaround times. The use of machine learning could also eliminate subjectivity in response or actions from employees, and reduce the need for system alterations in a dynamic business environment. Furthermore, lower manpower requirements would lead to savings in overhead costs to a great extent.

Delighting consumers

By connecting with customers at various touch points, these systems could learn about individual needs better and be able to serve customers through related and personalised product offerings, simultaneously providing timely and relevant reminders to complete necessary transactions, thus improving the bottom line. It has been observed that tailored product offerings are likely to improve customer satisfaction scores and also retention of premium customers.

Building a foundation

This model is built on a continuous loop of learning and feedback that develops the model for improvement. These adaptive algorithms have to be fed with huge volumes of domain-specific data containing all possible business transaction and interaction.

HR readiness

Tasks, jobs, management practices and performance goals will have to be redesigned to minimise resistance and encourage approval. Employees on the other hand will need to focus on building expertise in areas, such as advanced analytics and agile software development and evaluate alternative work profiles.

Glitch risk

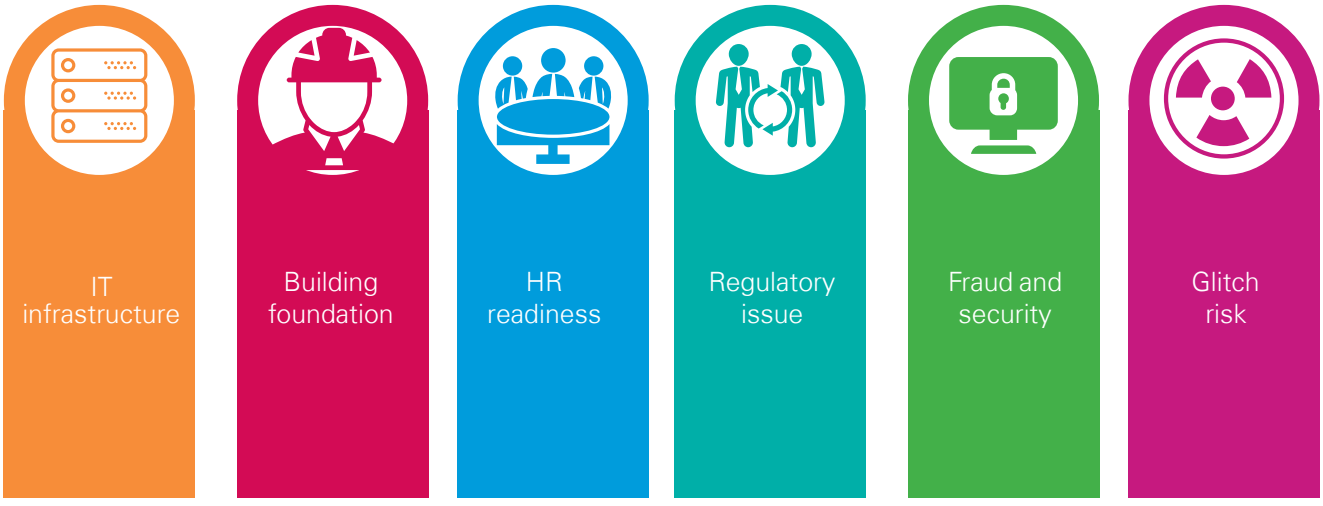
A machine could go wrong in a far more dramatic way compared to how a human could. Technologies such as machine learning require close human monitoring for their work to match up to human capabilities. In order for the machine to learn the difference between a command and a 'rational command', human intervention and oversight is necessary.

Regulatory issue

A major concern for insurers would be to keep a keen eye on the regulatory changes, considering the reluctance of regulatory bodies in embracing technological innovations. The insurance industry will also have to fight for privacy concerns as most of AI data is kept on the cloud of a third-party technology provider.

IT infrastructure

Both time and cost considerations have to be attended to before building the required infrastructure and enabling integration of AI solutions.-



Applications of machine learning

Claims management and fraud detection

The claims management process has multiple stages which can be automated by machine learning using a combination of modelling, rules, text-mining and database searches. By applying machine learning techniques to claim audits, the machines can help enhance the ability to learn from those throughout the claims lifecycle. This would shorten the processing time of each new request and will make process handling more efficient, leading to cost savings and a better experience for the customer.

The number of fraudulent claims is on the rise annually, contributing to the overall cost. Machine learning can help identify fraudulent claims and its self-learning abilities would make the model even more adept at fraud detection with each processed case.

Source: It's Dead Man Walking for insurers as fraud cases rise, Hindustan Times, July 2016

Underwriting and loss prevention

As machine learning utilises cognitive technology to analyse and interpret data from multiple sources including unstructured text, images, audio and video from various marketing and social platforms, it would provide a better understanding of the customer's risk profiles that the insurers are dealing with. It would also give them a more accurate idea of a person's lifestyle choices, thus ensuring better compliance and preventing mis-selling of products.

The conversion ratios are bound to increase due to better pricing accuracy by using a host of variables that are fed into a dynamic, non-linear underwriting model.

Blockchain in the insurance industry

Blockchain is essentially the storing of static data or dynamic transaction data in distributed registers without the presence of any central authority with the method of common consensus. It was first used in bitcoins to solve the problem of double spending which existed in the market. It eliminated the requirement of a central authority to validate transactions.

Several companies across the world have adopted blockchain or distributed ledger technology to launch new applications for insurance companies to come up with new products, customer offerings and bring in more efficiency in the internal processes.

The claims process in the insurance industry is risk-prone and the industry overall spends around USD2 billion to identify fraud and compliance issues in the process. Blockchain can bring the customer closer to the insurance provider which brings in more transparency in the system. There will be more reliable data available with the end client which will make the whole process more efficient.

Blockchain can be explained with the help of following statements:

1. Multiple parties will share data
2. Multiple parties will update actions, which needs the trust of the involved parties
3. Verification will be done by the parties themselves which also requires a significant amount of trust in the system
4. There is no central authority in the system, which brings down the cost significantly but also increases risk in the transaction
5. All the transactions are time-sensitive, which brings down business risk and accomplishes better underwriting.

It will streamline all the data from mobiles, make the claims process real time or comparatively easier and lower the cost of operations. Imagine a scenario where sensors on a device notify the insurer about a calamity. Blockchain will integrate all the data from the sensors to route to different stakeholders and then send the alert to the insurer. This is next level of automation where all the networks are connected to each other to carry out a multidimensional process.

Blockchain technology will only keep minimum human interaction, which will in turn lead to a rise of smart contracts, decentralised organisations which are autonomous and other processes to reduce time, increase efficiency and bring in automation to the whole system. This shift in culture could promote the buying of community-based insurance rather than big institutions in the long run.

Key advantages of adopting blockchain:

Time and cost efficient: Insurance companies are loaded with massive amounts of paper work, as the process is multistage. The paper work was unavoidable and this led to the development of many technologies to get rid of the cumbersome filing process. The blockchain technology links different processes in such a way that it eliminates the duplication of information and effort.

Instant policies: Initially, even the policies bought online required human intervention which significantly increased the time to complete the buying of a policy. Blockchain can seamlessly automate the process and eliminate human intervention. Insuring online will become a whole new experience for clients.

Peer-to-peer (P2P) insurance: P2P changes the way people get their insurance done. Rather than approaching the insurer to get the insurance, customers can approach other customers to create an insurance identity to insure themselves as a group. This can revolutionise the way we buy insurance.

Risk prevention and fraud detection: Blockchain is the answer to risks and frauds associated with the insurance process. A decentralised digital repository can help the company identify customer profiles, validate claims and avoid duplication of transactions or any frauds associated with it. Blockchain has the potential to eliminate these redundancies and risks.

Parametric insurance: Parametric insurance is the new trend in the industry where the insurer doesn't pay the pure loss, it only pays a certain proportion of the whole loss on a preset smart contract. For example, if a natural calamity of a certain magnitude occurs then a fixed 15 per cent or 30 per cent will be paid to the individuals. This will be done through smart contracts to protect the interest of consumers and the company.

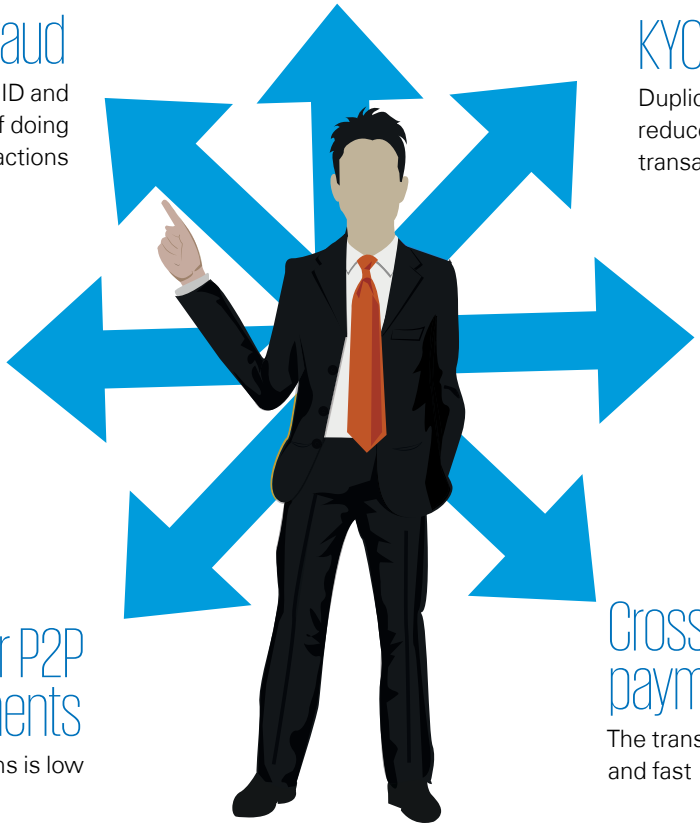
Micro insurance: Blockchain has the potential to connect people from the remotest corner of the world. This will increase trust in people and help circumvent government bureaucracy. It is a simple process which can be adopted easily by consumers especially in the Asia Pacific region.

Value generated by blockchain

Trade finance
Increase in revenue, less turnaround time and reduced costs

Identity fraud
More secure storage of ID and a more secure way of doing transactions

KYC management
Duplication of efforts is reduced and the monitoring of transactions is easier



OTC derivatives
Operational costs and capital costs are reduced due to streamlining of processes

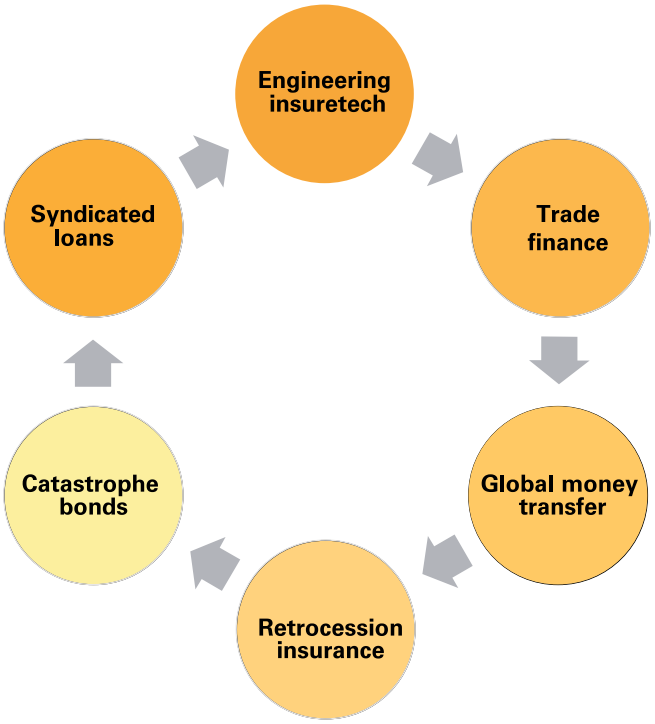
Repurchase agreement transactions
Lower operational costs and lower organised risks

Cross border P2P payments
The cost of operations is low

Cross border B2B payments
The transactions are more secure and fast

Success of blockchain in the insurance industry can be attributed to the association of the following key elements:

The insurance industry has always been one of the most regulated industries. The seamless integration of technology along with different elements stated above is very crucial and the industry has been successful in bringing them together to form a consortia, which will pave the way for its future.



Key regulatory challenges:

Today, the world is moving towards point innovation and one-stop solutions for all services such as mobile applications and other digital devices. Blockchain is the answer for such needs. It can act as a catalyst for further innovations in the digital space for insurance leading to reduction of cost, less friction in the market and greater transparency which is a roadblock for many other processes. Claims processing and other data in insurance companies is built on that trust, which comes from transparency in the system and other factors like built-in security.

- Decentralised ownership
- International jurisdiction
- Blockchain transactions of non-digitised assets will require legal consideration of off-chain settlement
- User anatomy and encryption

Achieving results

The new culture in the insurance industry is to gain greater efficiency in the system with less cost and faster turnaround rates. This is made possible by RPA which not only brings together the front and back end office to work together in harmony, but also reduces the cost and time taken to do the same process which was cumbersome and redundant. RPA has reduced the processing time by 40 to 80 per cent, brought in efficiency by reducing operational risks and has demonstrated precision in completing tasks. As the results associated with the deployment of RPA are favourable, people across the industry are eager to expand its scope in the business. 7This automation can be done with a 360 degrees view of the entire process. However, automation of all processes are not necessarily beneficial and possible. Hence, organisational-level automation is neither advised nor carried out in the industry by any company. Building an automated environment in isolation also brings with it complications in the system, in areas such as IT architecture integration with all the processes, governance, stakeholder buy-in and risk analysis.

The entire spectrum of automation is rapidly evolving, and though it is important for all insurance companies to keep pace with upcoming technology, inappropriate use of this technology could result in severe repercussions for the organisation as well.

Foundation for an effective automation programme

Draft organisation strategy and vision: An organisation-wide strategy and vision should be prepared, and automation should be done accordingly, keeping all the departments on the same page and providing suitable training to help them prepare for the technology. Tools to improve the system should be deployed which may or may not be related to automation.

Organisation governance: The organisation should ensure that all the key stakeholders and top management of the firm are involved in the transformation process of the system so that there is harmony between the COO and CTO. The management should be involved fully in the decision to drive successful end-to-end transformation.

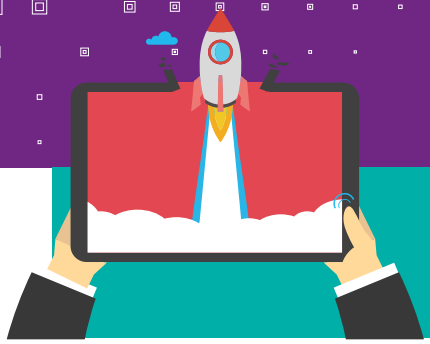
Study organisation's talent: A comprehensive study should be done for all business. A top down approach can help ensure that the company identifies the right kind of people for the new technology deployed. It is very important to recognise that jobs will be lost due to automation, but as discussed above, new kinds of jobs will also be created which will keep people engaged. However, the company needs to train them and align IT and operations to bring all processes seamlessly into a single line.

Build organisation capability: The organisation should make sure that they have a robust plan in place to combined the business, IT and change management team together to run the new programme. The new system should be accepted enterprise-wide and the people should be skilled enough to understand the change. Hence, it is the organisation's responsibility to build talent and keep them up-to-date.

Analyse impact on resources: The organisation should recognise the impact on traditional roles and also identify the new mix of roles which will be a combination of offshore roles, outsourcing and in-house roles, all enhancing efficiencies and reducing effort.

7. The promise of robotic process automation in the P2P space, James P Murphy, Director KPMG Advisory, Financial Management, October 2016

Way forward



The future of the insurance industry lies in the adoption of a well thought-out strategy to implement RPA, blockchain and machine learning. Organisations increasingly need to identify the risks associated with all these technologies and adopt them accordingly. The use of blockchain and other technologies will significantly change the structure of the policy, the underwriting process of the company and other frameworks which were adopted earlier by the organisation.

A change in perspective of people working in insurance firms is very important. They can either see it as an opportunity to free themselves of mundane tasks and treat robots as their coworkers or choose to protest the loss of jobs in the middle and back office which are majorly impacted due to automation. If the organisation is able to counterbalance the effect of the loss of jobs with training and make employees front office ready to perform marketing and sales, then half the battle is won. IT is multidimensional and so are its effects.

As the road to blockchain will lead to more personalised and better products, the premium that was earlier charged by big firms could now be in danger. Blockchain will be a crucial element in bringing about disruption in the much regulated insurance sector.

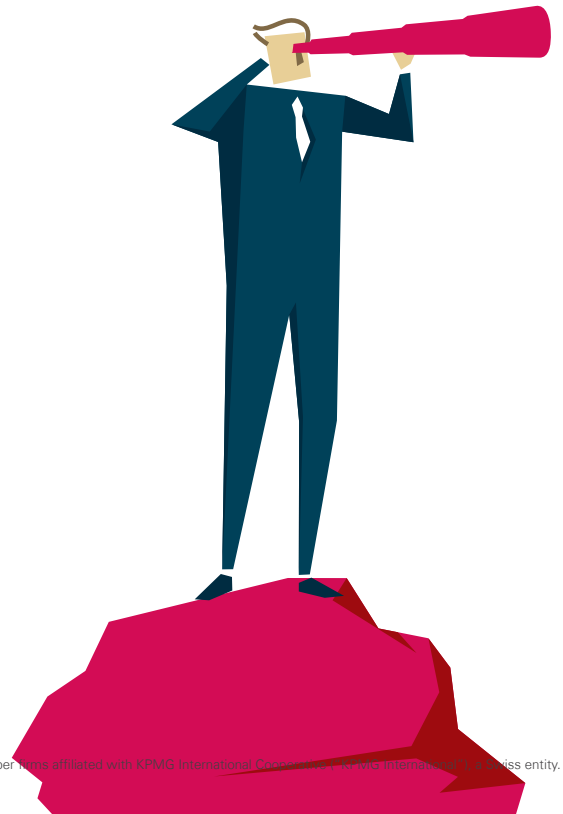
There has been a paradigm shift in the way companies perceive risks in the business. There is a greater appetite for risk than ever before and companies are open to assessing it through AI and other analytical tools. This has reshaped the way products are offered to consumers, and this has in turn led to improved customer relationships. Machine learning is increasingly recognised as an important part of the business strategy adopted by companies.

The brand value of insurance companies will be assessed by a combination of machine learning and analytical data that is procured through other means, such as word of mouth, which can potentially kick-off trends and help in understanding the standing of the company from a marketing standpoint, which can provide competitive advantage to the insurance company. Companies will have the opportunity to use this data and improve on the elements that the data predicts as missing. 'Social currency' is very important today in the market.

Innovative products and growing interest and awareness among people will substantially add to the growth of the sector. There is strong potential for growth in micro insurance and low-income urban areas. Strong policy initiatives with respect to foreign investment, access to capital markets and tax incentives to consumers will have a positive impact on the industry.

This is the right time for all insurance companies to invest in technology. There is skepticism in the industry about the dependency on automation, but disruption starts with some early adopters showing a higher appetite for risk, which a company's competitors couldn't show earlier. Their investment in technology today could prove to be a huge differentiator for them in the coming years.

It is a great time to be part of an industry which is going through such a major transformation. The disruption will make one of the most regulated industries of all time, change the way 'we' the consumers see 'insurance'.



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