

The evolving landscape of insurance tech

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Key takeaways:

- *Insurers will need to increase their ability to recognise, prioritise and respond to customers' demand in order to stay competitive*
- *Indian customers have begun focussing on intangible aspects, such as customer experience, brand equity, ethics and purpose*
- *Strong growth and an increasing demand for innovative technology will stimulate traditional insurers to acquire technology capabilities or partner with insurtech companies*

The technology landscape in the insurance industry is adopting new and efficient ways of solving the challenges that customers have been facing over the years. This is expected to create new models and redefine 'business as usual' for insurers. In this article, let's take a look at the top themes that are shaping the insurance industry and how the evolving technology landscape is driving an irreversible change.

1. Product customisation to gain momentum

As digital disruption continues to gather pace, consumer expectations have evolved. Organisations will need to increase their ability to recognise, prioritise and respond to such demand in order to stay competitive. Against this backdrop, insurers are expected to offer personalisation of products and pricing by allowing consumers to choose add-ons to be included in the base insurance product, depending on their requirements. This will be complemented with a strong analytics-based recommendation algorithm suggesting the most suitable mix for the customer. For instance, usage-based insurance is already being offered by a few motor insurers. A leading health insurer is offering its customers the freedom to choose and personalise their plans basis their needs, lifestyle and vital health parameters.

2. Reducing the time taken for policy issuance

After making the payment for insurance, customers have to wait for multiple days for underwriting to be completed and the policy to get issued, particularly in the case of term life insurance. There is, however, a scope to speed up this process. With the emergence of data layer in the India Stack and the National Health Stack, insurers can explore fetching data for underwriting, using the application programme interface, and create a risk profile of the customer. The financial data can be acquired with the help of account aggregators and health data using the Ayushman Bharat Health Account.

Similar to a credit score for availing loans, a risk score can be built for insurance that quantitatively depicts the health and lifestyle of the customer. A comprehensive risk score can be computed using a connected digital footprint (wearables and lifestyle applications) in conjunction with health records data. The availability of risk scores together with a host of alternate data sources, available for both financial and health parameters, can help insurers make underwriting decisions faster, leading to customers buying insurance like any other product on ecommerce websites.

3. Rewarding well

The insurance regulator allowed life insurance companies to incorporate wellness into their policies. This has propelled life insurers to work on ways to reward the healthy behaviour of policyholders and use this data to cross-sell with minimal underwriting requirements. For instance, a renowned life insurer's wellness programme not only helps customers understand and improve their health but also rewards them appropriately within the regulatory guidelines. Another insurer has launched a wellness app designed to lead customers on a path of holistic fitness and wellness whilst continuing to protect them.

4. Improving customer experience by creating a hassle-free insurance claim process

Claims take time to be processed by insurance companies. In the case of health insurance, customers often end up spending the entire day at the hospital on the day of discharge due to delays in claim processing. This timeline can even stretch to multiple days when it comes to life or motor insurance, depending upon the situation. These delays have increased the risk of customer dissatisfaction. In today's day and age, Indian customers have moved beyond their traditional consciousness and have begun focussing on intangible aspects, such as the company's customer experience, brand equity, ethics and purpose. A KPMG survey found that 71 per cent¹ of insurance customers are willing to pay a premium for enhanced customer experience—the highest among the sectors covered. To enhance customer experience, insurers are increasingly deploying:

- Advanced predictive analytics platform that learns and enhances itself with increasing data sets to reduce the turnaround time by ensuring minimal scrutiny during claim payout
- Artificial intelligence for fraud detection
- Robotics process automation and machine learning-based smart bots to automate claims management and capture customer details, which enables the provision of the requisite solution with minimal human involvement.

Way forward

India's insurtech segment has been the fastest-growing segment in India. Such strong growth and an increasing demand for innovative technology from new-age customers will stimulate traditional insurers to either acquire technology capabilities or partner with insurtech companies. Traditional insurers will benefit by establishing a new-age technology infrastructure in an agile fashion; insurtech start-ups will get access to larger customer bases, funding and domain expertise; and customers will enjoy a seamless and enhanced experience with value-added offerings.

¹ Customer Experience, the key to sustained value creation, KPMG in India and Equitor, May 2022, accessed on 10 October 2022

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