



Technology, agents and the future

The coronavirus pandemic has catalysed the adoption of digital technologies by insurers. Those that are already invested in technology have an edge. *Asia Insurance Review* spoke with **ICICI Prudential Life Insurance's Mr N S Kannan** about adapting to the new digital culture.

By Anoop Khanna



India has seen a significant number of deaths due to COVID-19, however the impact on life insurance companies has not been as large. This highlights the substantial gap in the penetration of life insurance in the country.

ICICI Prudential Life Insurance MD and chief executive officer N S Kannan said, "The pandemic has made Indian customers more aware of the need to buy life term insurance and health covers. The challenges posed by the lockdown, coupled with the economic slowdown and loss of incomes which have disrupted financial plans of individuals have also contributed to this enhanced consumer awareness."

Technology as an enabler

For the insurance industry, however, the inability of the customers to leave home gave an impetus to online service adoption.

ICICI Prudential Life began its digital transformation in 2012. This enabled the insurer to achieve a

smooth transition to work remotely and safely without any disruption for its three main constituents – employees, customers and distribution partners during the current pandemic.

Mr Kannan said, "Our technology platform empowered employees to function virtually during the lockdown. Before the lockdown, digitalising operations was about building productivity, reducing cost and engaging with the new-age customer but once the pandemic hit us, the process of digitalisation moved from 'good-to-do' to 'must do'.

"During the April-June 2020 quarter our customer interactions on WhatsApp tripled from the previous quarter to nearly 400,000 transactions. Nearly 80% of the premium for the quarter was received through online modes and nearly 95% of the transactions were completed by customers through self-help modes."

"The first quarter of the current financial year was also the period

when we saw a considerable increase in customer interest in products such as term insurance and critical illness covers. By providing suitable solutions in these areas, we achieved new business sum assured of \$12.51bn during the first quarter."

Future strategy

In April, this year the new business premium for the life insurance industry as measured by retail weighted received premium was lower by 44% as compared to April 2019. The momentum built up through the quarter April-June 2020, however, helped the new life insurance business premium recover by June to almost the same levels as in June 2019.

Mr Kannan said, "Though many elements of consumer behaviour will change permanently in the post-COVID-19 world, what will not change is how they perceive value. The idea should be to achieve growth in both savings and protection business through diversification

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of the product mix, strengthening the existing physical distribution platform, building a device-agnostic digital distribution platform and improving product propositions.

“To thrive in the post-COVID-19 world, the insurers would need to differentially focus on customers and offer them digital services which are simple and easy to use. Companies would also need to continue to focus on digital to build a cost and underwriting advantage, together with using data analytics for sharper market intelligence,” he said.

Need to be resilient

Speaking about the challenges of cost structures and capital efficiency Mr Kannan said, “Companies will need to look at a strategy of minimising operational and overhead cost and pursuing greater variabilisation.”

Mr Kannan said, “Our solvency ratio was at 205% in June 2020, which is higher than the regulatory threshold of 150%. Our prudent asset strategy has ensured that we are

one of the few financial services companies in India that have had zero non-performing assets over our 20-year history.”

Human resource outlook for the future

The emerging insurance ecosystem demands that employees adapt to the digital way of working. Employees with expertise in digital technologies, data sciences and those with deep functional capabilities and leadership potential will be in demand.

“Companies seeking to thrive will need to build a competent cadre of specialist talent across all functions and develop them for leadership roles. They will also have to consistently invest in employee training and reskilling to gain leadership,” said Mr Kannan.


“The generalist role of the manager in allocating and coordinating work will eventually disappear leading to a flat and decentralised structure. Besides, gig

workers with specialist skills and shorter-term employment contracts could be favoured by companies, which in turn will variabilise the employee cost structure,” he said.

Agents should shape up

As on 31 March 2020 Indian life insurance industry had over 2m agents. Most of them have made a career selling policies through face-to-face meetings.

In future, life insurance distributors may have to learn the art of selling policies digitally, connecting with customers through collaboration tools, resolving doubts over the telephone and guiding customers through various digital processes of buying insurance online.

Mr Kannan said, “Agents certainly play a vital role in sourcing business, given their ability to connect with prospects at a personal level, however, agents who find it difficult to transition from offline to online sales would fall off the radar in a post COVID-19 world.”



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