



“ There is little scope for reducing the prices of online term plans ”

The life insurance industry has undergone a sea change since the global economic meltdown of 2008. **Munish Sharda**, MD and CEO, Future Generali Life Insurance, speaks with **Teena Jain Kaushal** on the challenges and opportunities. Excerpts:

After 2008 there was a drop in the sales of unit-linked products (ULIPs). What is the scenario now? Given the buoyancy in equity markets and improving economic sentiment, there has been an uptake in ULIP sales across the industry. Considering the lower charge structures of ULIPs and virtually no exit barriers, it is not surprising to see a surge in demand of these products. However, insurance is a protection-cum-long-term-savings product that caters to specific life-stage needs of customers. There are many product categories that cater to 'investment and wealth creation' needs of the customers but none can offer advantage of protection along with benefit of sustained, disciplined savings and structured solution for customers' long-term savings needs as insurance products do. At Future Generali, we have witnessed a strong positive movement in our traditional plans sales having sizeable protection and assured maturity benefits.

Term insurance has started picking up with online sales contributing to growth. What has been your experience?

The popularity of online term plans indicates that life insurance is being preferred by customers as a primary instrument of financial protection for their families. It also proves that simplicity and convenience will score over traditional methods of designing and serving products to the customers. Significant advancement in digital technologies, reduction in cost of adoption, and improvement in infrastructure have resulted in staggering growth of e-commerce in India. This has had a favourable impact in helping growing sales of online term plans. Having said this, most adoption so far has been driven by product pricing. We feel that there is little scope for further reducing the prices without hurting the business. This now paves the way for some genuine innovation and creativity in the product design, which is where we would like to operate. We are in the process of launching a unique, simpler and smarter online term plan at an affordable cost. We are very bullish on this channel and would soon be coming out with a host of innovative products for the online customers.

Life insurance industry is getting digital savvy. How is the company adapting to the change?

Given the developments in the e-commerce space globally and in India, the question is not about adapting but embracing the change. At Future Generali, we are well placed to embrace this change. It is not only about having online products or presence but redefining our business operations to be able to deliver simple propositions in a smarter way to discerning customers. We are driving change across three segments – operations, customer experience, and sales productivity. We are automating routine tasks, reducing paper transactions and physical record keeping, harnessing power of analytics in improving key business outcomes. Our website, self-service platform for customers, to-be-launched e-sales platform and highly simplified customer communications are aimed at delivering a differentiated experience to customers. Augmenting sales productivity is one area where we are re-defining rules of engagement. We are harnessing the power of mobility and availability of affordable data services as well as content digitization to enable our distribution to be up

to date with knowledge on products, propositions and services. We have also recently launched our Facebook and Twitter pages to reach out to potential audiences and engage better with customers and employees.

What steps need to be taken to boost growth in the sector?

Insurers must keep customers' needs in mind and clearly communicate all the details about their policy upfront. Incentivizing agents/distributors for the right behaviour will help us gain their trust and avoid mis-selling to a large extent. This, in turn, will increase the customers' trust and help in building a long-term relationship.

What are the most common reasons for claim rejection?

Unfortunate as it is, there are instances when we are left with no choice but to reject certain claims. Wilful misrepresentation of facts, non-declaration of material information or critical medical condition or health status, policies lapsed for non-payment of premium, fraudulent claims in the name of non-existent or deceased persons are some reasons for rejection. In a recent meeting of life insurance companies, it has been proposed to use the services of a fraud repository to find out if fraudulent claims are being reported across companies so that preventive action can be taken keeping in mind the interest of the larger pool of policyholders.

Do underwriters consider information available on social media while issuing a policy or settling a claim?

The most important documents on the basis of which insurance companies underwrite a risk are proposal form, supporting documents such as know-your-customer forms, income evidences, medical evidences and the agent's report. On a case-to-case basis, insurance companies do verify websites, social media, certain list of sanctioned individuals published by government authorities, and credit bureau information before accepting risk under a proposal. In some claims cases, social media is used to check if any additional information sought by the insurance company is available or not. At times, social media is also used to establish contact with the nominee/beneficiary as part of the claim settlement process. ♦

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