FUTURE GENERALI
TOTAL INSURANCE SOLUTIONS

06/06/2016

Changing trends in Life Insurance: Rise of Digital

- **Pradeep Pandey, Chief Marketing Officer**

Internet usage in India is presently at 350 mn which translates to approx. 30% of the population. China has a penetration of 48% and US at 84%; however, **India is adding users at a furious pace with an addition of 60 lakh new users or in other words 2 lakh new internet users every day.**

India will follow China in terms of digital adoption as both countries share a similar social and demographic behaviour. China's e-commerce today stands at $675 bn which is 30 times India's e-commerce market. **This gap is the real potential we are talking about and the next 10 years will really catapult India into the world's second largest digital economy.**

Life insurance was always considered a "push" category and the possibility of a consumer seeking insurance on his/her own without any "human push" was unthinkable until a few years back. The conventional mode of personal sales through a physical channel is still predominant and will continue to be so at least for the next 15-20 years. However, it is interesting to note the shift and adoption of online channels such as aggregators or companies selling directly.

Size of the Indian online insurance market would be approx. Rs 2000 cr. with life insurance contributing to 40% of this. While non-life was the harbinger of online sales, awareness of pure protection products like Term Plans made consumers buy directly online. In recent years, ULIPs (unit linked insurance plans) have picked steam and consumers find it more prudent to buy these products online. Some of the factors which favour Direct-to-Consumer (through online channels) are:

a. **Transparency** – WYSWYG – What You See is What You Get. Companies are making it easier for consumers to understand what they are buying and get a fair understanding of the product before investing. However, we still have to go a far distance in terms of making a world-class cutting edge user experience and interface.

b. **Pricing** – There is always the "good deal" expectation from e-commerce and it is no different when it comes to insurance. The prices of online products are cheaper than offline products, though one would expect some resetting of pricing in the near term to make the channel viable for the industry.

c. **Innovation –** There are variations and different combinations which the industry is making for consumers to buy. Today, there is a good variety of offerings which a consumer can select from at the click of a button. Companies which innovate constantly on products as well as service delivery are the ones which will win in this game.

d. **Sticky Customers –** Online channel also has very good persistency which helps companies offer lower prices. Persistency is one of the key parameters which define profitability for insurance companies and any model which delivers on this is a great asset for the industry.

Digital also has a role to play in helping consumers understand the product and take an informed decision which is customised and unique to their lifestyle. Tablet based financial planning and subsequent recommendation of products is an example of this**. It has been observed that people who buy offline, research the products online, which is popularly called the ROBO (Research Online Buy Offline).**

With the number of smartphone users in **India currently at 250 mn and projected to go up to 700 mn in the next 3 years, digital is definitely on the rise.** Consumers are going digital, and companies who understand this changing landscape and keep pace with consumers of tomorrow will win.