

Responding to Dynamic Trends

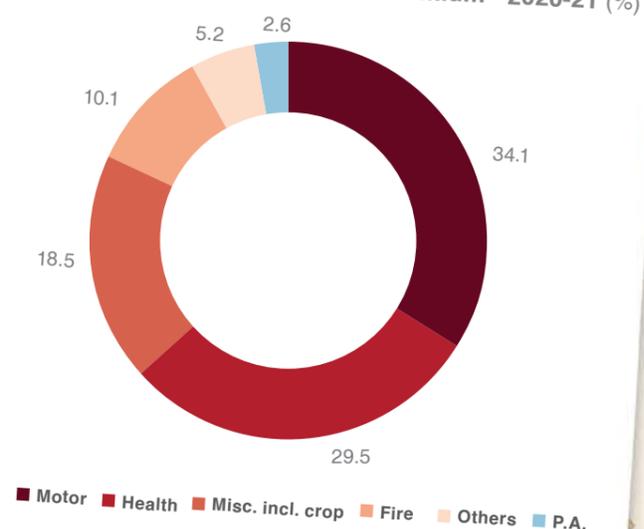
We operate in a complex environment, and our business is potentially vulnerable to a wide range of factors, all of which are constantly changing, and we are constantly adjusting our business to this evolving environment.

Industry Overview

The gross written premium of non-life insurers reached ₹2,064 billion in FY 2020-21, compared to ₹1,961 billion in FY 2019-20, driven by strong growth from general insurance companies. The industry saw a bounce-back in business growth in H2 FY 2021, after a sharp decline in H1 due to the pandemic-induced lockdowns. New vehicle sales and medical insurance were the key products to pick up in H2 FY 2021, aiding the growth.

The general insurance industry is expected to clock 10% to 12% growth in gross direct premium income during FY 2021-22. This will be supported by growth in the health segment and an uptick in the motor segment.

Non-life Insurance Gross Direct Premium - 2020-21 (%)



Key growth drivers

Customer preferences are evolving

Customers are spending more and more time on digital platforms and getting accustomed to a highly personalised and seamless experience. They now expect similar personalised experiences across insurance products, pricing, claims, and servicing.

These changes are encouraging customers to try new offerings such as do-it-yourself products and bundled offerings. According to Deloitte, by 2024, 33% of the premium insurance volume will be generated from brand new propositions. That means the industry is rapidly moving from product-led to service-led offerings that deliver a complete experience to customers. Going forward, insurers will have to consider adopting a purpose-driven approach to be ahead of customer expectations.

PRIORITIES

Time

- Minimise the turnover time in the customer's life cycle
- Create convenience and provide support for consumers

Needs

- Offer products with a unique value proposition that meets customers' needs

Transparency

- Provide clear and simplified product information for consumers to make informed decisions

APPROACH

- AI-enabled customer support facilities
- Biometric authentication
- Digital submission of claims

- Personalised product features
- Innovative pricing model

- Gamification to understand insurance
- Smart contracts and policies decisions

Products that help migrate from protection to prevention

This is especially true for health, where companies promptly push for better health outcomes for customers, reducing claim expenses. Aspects such as virtual care and more deployment of health tech devices are being used to create new offerings. COVID-19 can be a major shift in this as consumers become far more comfortable with tele and digital health solutions and their effectiveness. Along with improving user satisfaction, tailored products enable companies to enjoy more accurate risk assessment and stable margins.

Focus on driving digitalisation

Digital technologies have emerged as a key growth enabler, providing increased convenience and transparency.

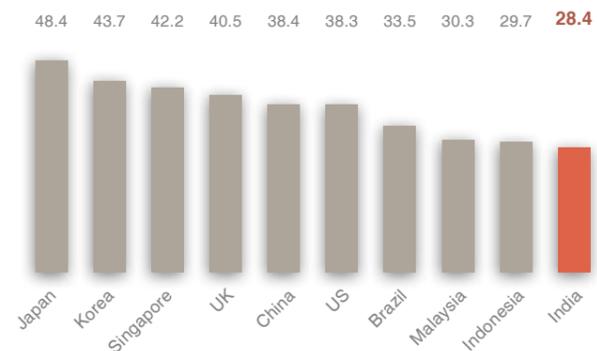
Further, the rapidly rising internet penetration, proliferation of smart mobile devices, and the government's 'Digital India' initiative are driving innovation in the insurance space. Digital transactions via mobile and other means have seen faster adoption of emerging technologies by customers.

The insurance industry is adopting AI, ML, and Big data to drive excellence across the value chain, such as personalised product design, proactive risk management, etc. According to The Internet and Mobile Association of India (IAMAI) Kantar 'ICUBE 2020' report, the total active internet population will likely touch 900 million by 2025.

Growing pie of middle-class, working population

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Median age of major economies (years)



900 million
Total digitally active population by 2025

Policy support

The increase in FDI limits from 49% to 74% should help insurance companies raise additional funds to ensure their solvency is in line with their growing business needs. Since the onset of COVID-19, IRDAI has taken various steps to bring insurance products and services within the maximum reach of consumers in the most convenient way possible. To support insurers, IRDAI allowed them to take the approval of customers through e-KYC and video KYC to issue them a policy in place of submitting physical documents.