



Why India isn't claiming its Insurance?

Mapping the post-purchase journey
of the Indian policyholder

Foreword



G. Srinivasan

Former Director, National Insurance Academy

The level of insurance penetration and density in India is very low compared to the global scenario. The extent of protection gap whether it is life insurance, pensions and annuities, health insurance or general insurance, is very high, indicating the vulnerability of the Indian population to uncertainties. This coupled with the fact that a large segment of the population has no social security net makes the situation very critical.

The Government and the Regulator have been extremely focused on increasing insurance penetration through a series of reforms and policy initiatives. The Chairman, IRDAI, has in fact articulated a vision of 'Insurance for All' by 2047, and a lot of efforts need to be put in by all the stakeholders to make this happen.

One of the key challenges in this regard is the Trust Deficit the insurance sector faces from the existing customers and potential customers. Insurance is a business of trust, and hence, this feeling acts as a huge detriment towards faster insurance uptake. There is a silent but strong view that insurance is very complex, it is not easy to get claims, and insurers are quick in selling but when it comes to after sales service (including claims), it is not easy.

The insurer looks at insurance as a legal contract while the customer looks at it as a product which will provide him protection when needed. The stark difference in the way insurance is looked at by both the stakeholders adds to the problem. While insurers have been doing a lot of things to correct this, there is still a long way to go.

I must compliment CAMSRep for doing a very detailed and scientific study of the pain points in the post-purchase journey of insurance. The study has looked at some of the key issues in the journey from the perspective of all the stakeholders to give a 360-degree view of the problems. It is very interesting to see how the issues are looked at by the customer while insurers feel they have already solved it. The key is for all the stakeholders to look at the issues with a lot of empathy. It is commendable that the study also comes out with clear suggestions as a way forward.

I sincerely hope that the study would be useful to IRDAI and the insurance sector to resolve these impediments so that people start looking at insurance as the best way of protecting themselves against various risks.

“
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”

CEO's Message



Vivek Bengani
CEO, CAMSRep

In early June 2023, we witnessed the devastating Balasore train accident that claimed the lives of 250 people and left double that number physically injured. This tragedy left the country shaken and raised many questions about railway safety. It also brought forth a painful reality about lack of appreciation for risk management and mitigation among the masses.

Out of the 1200 passengers, only 350 had chosen to secure their journey with the INR 10 lakh accident insurance cover that is available for less than a rupee at the time of ticket purchase. Even two agonizing months later, and after various attempts by the regulator as well as insurance companies, less than 15 claims have been reported and settled.

Where have we gone wrong? It cannot be due to lack of desire from insurance providers or the Regulator in improving awareness about insurance. No opportunity or forum is left unattended in broadcasting the benefits of insurance. If anything, this product category is perceived to be perhaps the most 'pushy' in terms of sales practices and distribution setup. Yet the end-user continues to undermine the value of insurance. The insurance uptake on IRCTC (in the incident above) and the subsequent claim settlements in this instance serve as important data points to throw light on the inadequacy. Industry, since liberalization, has worked hard to improve accessibility as well as affordability of insurance products, yet the penetration of insurance has remained stubbornly at the same level.

These are some of the questions that have long bothered the industry, and we at CAMSRep are determined to find some fresh answers. We, at CAMSRep, understand that undermining of insurance value requires a much deeper probe and must be researched independent of the product category or the stakeholders involved.

It is with this objective that CAMSRep ventured into the first-of-its-kind research from a holistic point of view. This study cuts across policyholders, insurers, product categories, and service providers to uncover perceptions that can help in transforming the policyholder experience and layout areas to improve the value perception of insurance.

We hope that this report starts a conversation, ignites a new thought process, and hopefully, leads to a sustainable new solution.

Industry, since liberalization, has worked hard to improve accessibility as well as affordability of insurance products, yet the penetration of insurance has remained stubbornly at the same level.

Acknowledgement



We want to acknowledge the support and feedback we received from many insurers in designing the research probes. Specifically, ICICI Lombard, SBI General Insurance & SBI Life Insurance allowed deeper interactions with their product and operations teams in the pre-research phase, which were valuable in research design and direction.

The great Indian insurance landscape



India is poised to emerge as one of the fastest-growing insurance markets in the coming decade. In terms of total premium volumes, **India is the 10th largest market globally** and the 2nd largest of all emerging markets, with an estimated market share of 1.9%. It is expected that **total insurance premiums will grow on average by 14%** annually in nominal local currency terms (9% per annum in real terms) over the next decade¹. The global pandemic underscored the importance and purpose of insurance. While individuals realized the need to safeguard against health and financial risks, insurers understood the importance of going the extra mile for their customers. And yet, two decades post the opening up of the insurance sector to private players, there continues to exist a wide protection gap in India.

Mind the Gap

- » India's current **medical inflation rate is 14%**—the highest amongst Asian countries in 2021. In 2023, a further **10% rise is foreseen**². With healthcare prices shooting up and purchasing power dipping, this hike directly affects the insurance industry—**leading to increased insurance premiums**.
- » The **cost of treatment for common ailments** that require hospitalization has **more than doubled in five years**, data from insurance claims show. Health insurance claims for infectious diseases and respiratory disorders have been growing faster than medical inflation³.
- » India has one of the highest Health Protection Gaps (HPG) in the world—nearly **30% of Indians have no health insurance**⁴.
- » Out of India's total salaried workforce, **53% have no access to social security benefits**⁵. With no social security offered by the State, it means insurance is the only feasible way for the population to mitigate risk.



Insurance is viewed as

- » A necessary documentary requirement as opposed to an essential tool to mitigate risks
- » A tax-saving tool, not for protection



Top reasons for low insurance penetration in India

- » Inadequate insurance awareness
- » Challenges in realizing value/ROI from insurance policies

^{1,4} Swiss Re January 2023 report: India's insurance market: Poised for rapid growth)

^{2,3}The Indian Health Insurance report by Motilal Oswal Financial Services Limited (MOFSL)

⁵National Statistical Office (NSO)'s Periodic Labour Force Survey (PLFS) Annual Report for 2021-22



India's Ultimate Goal

'Insurance for All'
by 2047



IRDAI'S Mission

Making insurance Available,
Affordable and Accessible

The focus of IRDAI is to strengthen the three pillars of the entire insurance ecosystem—policyholders, insurance providers, and intermediaries by making available right products to right customers:

- » Creating robust grievance redressal mechanism
- » Facilitating ease of doing business in the insurance sector
- » Ensuring the regulatory architecture is aligned with the market dynamics
- » Boosting innovation, competition, and distribution efficiencies while mainstreaming technology and moving towards principle-based regulatory regime.⁶



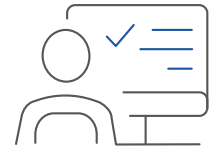
Insurance provides a strong foundation of growth and is inseparable from the growth process. It acts as a safety net for the poor, prevents debt distress, helps businesses to scale up, among others. The industry should take a call for making 'Insurance for All by 2047' a reality by increasing investments in the sector...

There is a need for a combination of technology and knowledgeable, service-oriented, and committed distribution channels, such as brokers, to address the challenges in the industry...

Debasish Panda, Chairman, IRDAI

⁶IRDAI press release: Insuring India by 2047 - New landscape for Insurance Sector

CAMSRep takes a closer look

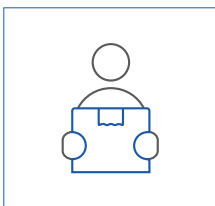


To find out why the policyholder continues to underappreciate insurance despite its inherently high value proposition and to better understand the challenges in benefit realization, CAMSRep decided to explore the root of the issue. And it was located in an often overlooked, yet equally important area of insurance—the post-purchase journey. There's **hardly any research to understand the value of benefit realization after the policy has been sold**. The fact is, the post-purchase journey, including the claims experience, is the single most important factor which determines whether the policyholder will continue with the same insurer as well as recommend insurance as a value proposition to potential policy seekers.

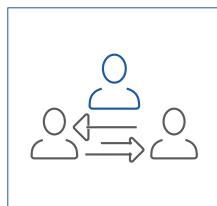
A 360-degree View

In an industry-first move, CAMSRep deep-dives into the post-purchase journey to uncover the pain points faced by all key stakeholders—insurance user, insurer, and the intermediary. The study juxtaposes the policyholder's challenges with the insurers' perspective and that of the third parties involved, and provides valuable insights.

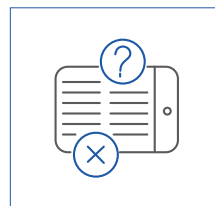
What We Uncovered



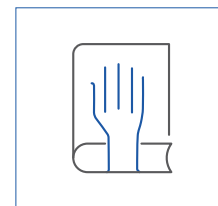
Tell me exactly what I have bought



Intermediaries: Middleman or Meddlerman?



The necessary yet tedious world of forms



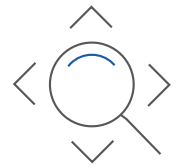
Do insurers play by the rules?

Claim Your Benefit



Exploring
the pain points:
From onboarding to claims

Exploring the pain points: From onboarding to claims



Tell me exactly what I have bought



What the policyholder wants

- » Customized communication
- » To maximize the value of their policy



What the insurer offers

- » Detailed policy information across various platforms

REALITY CHECK

Policyholders

- » Expect insurers to offer customized plans based on their circumstances, such as age, health, and lifestyle choices.
- » Prefer personalized, jargon-free communication relevant to their specific policies, preferences, and current situation/incident.
- » Mostly buy insurance simply because it is necessary, and have poor knowledge of the benefits available in their portfolio. As a result, there is low awareness about beneficial add-ons to maximize the policy value.
- » Hesitate to invest in add-ons that are likely to increase their premiums and involve extra paperwork.

Insurers

- » Share information across all platforms and even leverage easier modes such as digital media or animated videos.
- » Feel frustrated that their efforts to improve awareness are not impactful enough as the customers continue to ignore various aspects of their policies and depend on agents for details.
- » Feel the lack of awareness is especially acute in Tier 2 and Tier 3 cities, where intermediaries do not inform consumers about beneficial add-ons.
- » Stress the importance of policyholders paying closer attention to coverage details to ensure maximum benefit.

THE RESULT

Misaligned expectations

Inadequate benefit realization

Exploring the pain points: From onboarding to claims



Intermediaries: Middleman or Meddlerman?



What the policyholder wants

- » Human touchpoints
- » Dependable intermediaries who will enable smooth, hassle-free claims process



What the insurer offers

- » Digitalization of the claim submission process
- » Automated reminders and chatbots aimed at reducing dependency on intermediaries

REALITY CHECK

Policyholders

- » Want access to expert advice and personalized guidance from their insurers, having traditionally depended on intermediaries.
- » Sometimes find the agent/relationship manager unavailable, especially during the claims process.
- » Feel lack of transparency from intermediaries causes communication gap in understanding procedures, costs, or timeline involved in their claims process, leading to anxiety.

Insurers

- » Keen to reduce the dependence on intermediaries through digital processes.
- » Working on training intermediaries through workshops to reduce dependency on non-insurance third-party entities.
- » Blame the lack of transparency on the part of hospitals for delays. Hospital policies are not aligned with those of the insurer, causing increased dependence on agents to handle the process.

Policyholder and insurer believe that the more the number of intermediaries in the process (hospital, garages, surveyors and distributors), the poorer is the experience as well as trust. And yet both acknowledge the value of intermediaries.

THE RESULT

Mis-selling or purchase of unwanted products

Policy benefits being misinterpreted

Higher chances of rejection of claim

Erosion of trust in the insurer

Negative impact on brand loyalty

Exploring the pain points: From onboarding to claims



The necessary yet tedious world of forms



What the policyholder wants

- » Less time-consuming and seamless claim submission process
- » A less cumbersome process for making changes in insurance policy documents



What the insurer offers

- » Animated videos on step-by-step documentation process for claim submission
- » Strict processes to prevent fraudulent claims and rejection of claims due to non-compliance

REALITY CHECK

Policyholders

- » Find buying insurance can be an overwhelming and complex process, filled with technical jargon.
- » Seek the help of the agent for form-filling, which in turn can allow errors to creep in.
- » Worry that wrong information or mistake can lead to rejection of coverage claim.
- » Find prevalence of lack of relevant information when it comes to document submission for claims process.
- » Strongly feel that insurers need to collaborate to standardize the practices and processes across industry.

Insurers

- » Insist that customers are notified about the procedures through various touchpoints, including TPA, WhatsApp, and call centres.
- » Feel customers don't actively seek out information about the product or the processes and prefer relying heavily on agents for checking crucial information on forms.

TPA

- » Explain that the specifics of the provisions are provided in a difficult-to-understand language, which leads to lack of understanding and eventually rejections of claims.

THE RESULT

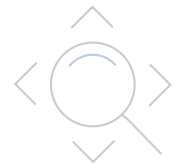
Error in documentation at the time of purchase

Rejection of claims for minor reasons

A cumbersome and confusing claim submission process

Increased workload for insurers

Exploring the pain points: From onboarding to claims



Do insurers play by the rules?



What the policyholder wants

- » Information on-demand
- » Proactive communication from the insurer
- » A simpler system to track the status of the claim
- » A more empathetic approach during loss verification



What the insurer offers

- » Various ways to communicate the information
- » A professional approach adhering to the process to be followed according to the requirements of the policy

REALITY CHECK

Policyholders

- » Perceive that the benefit realization process is cumbersome and in favor of the insurer.
- » Claim that there is a delay in evaluation of claims and status updates from the insurer.
- » Feel insurers lack empathy during a loss or when they are hospitalized, and it can be stressful and emotionally taxing for them. When insurers lack empathy, several negative consequences can occur, including exacerbation of emotional distress, distrust, and dissatisfaction.

TPA

- » Contend that insurance companies take a long time to evaluate the claims after submission of the required documentation, resulting in an increased wait time in receiving status updates from the insurers.

Insurers

- » Acknowledge that the product is technical, but the rules are fair and equitable.
- » Offer toll-free numbers, updates on the website, and WhatsApp integration for quick claim status checks.
- » Feel policyholders need to be more involved from the time of purchase to better understand the policy value. Despite having the list of hospital network including black-listed hospitals on the website and communicated to policyholders, policyholders do not verify until after admission, causing issues in the claims process later on.
- » Attribute the complaints of lack of empathy to the customer's inadequate knowledge of the procedures and documentation, and not purposeful insensitivity.

THE RESULT

Dependence on intermediaries to sort out issues

Thoughts of illegal means to resolve issues (bribing assessors, seniors)

Disputes and escalations

Negative word-of-mouth publicity by customers

Where does it
bring us?

Where does it bring us?

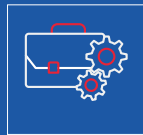


Key Insight

- » There is a perception gap between insurers and policyholders
- » Policyholder wants to be understood, not educated
- » Policyholder needs:



Customized products



Simplified processes



Empathetic Services

Areas of Misaligned Perceptions



Product understanding



Need fulfilment



Product service



Benefit realization

We have an opportunity to affect a paradigm shift in the customer's perception of insurance and turn them into insurance evangelists.

How?



Bring transparency and nuance to insurance value

The customer should be able to see their insurance portfolio not as a bunch of policies but as a collection of personalized benefits and view them as 'what I need, what I have and what I don't have'.



Make insurance value accessible

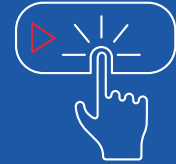
Enable proactive claim readiness processes focusing on proactive customer preparedness rather than reactive bureaucratic processes which decouples process protocols from customer reality and shift the onus of preparation to customer.



Make the benefits real

Empathize and embed benefit realization in the customer's life journey. Insurance is truly valuable when you can use it at the time of need, rather than just being a way to recover losses after something has already happened.

An industry call to action



Collaborate

to standardize delivery of insurance value by understanding policyholder's reality.



Innovate

to redesign products and services tuned to policyholder's needs.



Commit

to keep ears to ground to track the evolution of policyholder's needs and reality.

CAMSRep commits to conduct this research annually and shall look forward to the continuing industry participation and support.



To know more about this report, or to give your feedback/suggestions, we welcome you to write to:

Amandeep Singh

Head of Products, CAMSRep
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About
the research

About the research



Objective

CAMSRep believes that removing friction in benefit delivery is required to uncover the value of insurance. This research aims to seek a better understanding of the challenges faced by existing policyholders. By deep-diving into the current strategies of the insurers and third parties in solving challenges, this research tries to establish if the current measures are yielding effective results. The findings not only analyze the insurer's understanding of the policyholder's challenges but also uncover the factors causing those challenges. The report would be beneficial to those looking to get a true picture of the policyholder's ground reality in order to offer more viable solutions and key interventions.

Methodology

The report has been created by CAMSRep team in partnership with Dragonfly Market Research and Avalon Global Research. We collaborated with product, policy servicing, and operation teams of select large insurers to develop the methodology and identify the key probe areas. Adopting a qualitative research approach, we conducted in-depth interviews or small-sized focus groups to gather data.



Duration

From December 2022 to May 2023



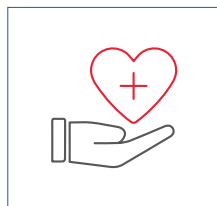
Cities

Delhi, Mumbai, Visakhapatnam, Ranchi, Bhubaneswar, and Coimbatore

Insurance Types



Life insurance



Health insurance



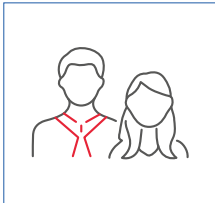
General (Motors)

About the research



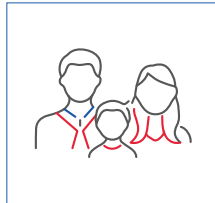
Policyholder's Profile

We selected a cross section of policyholders from SEC B upwards who, in the past 6 months, have attempted to use their insurance benefits either by claiming, surrendering, renewing, or modifying.



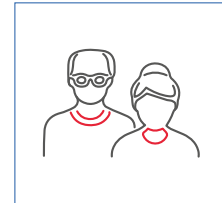
23-28 yrs

Unmarried; Married with young kids; Early jobbers; tech guys More likely to have a simple insurance portfolio



38-48 yrs

Married with kids More likely to have a complex insurance portfolio



52-62 yrs

Married with kids More likely to have a complex insurance portfolio

2 Clusters Based on Interactions with the Policies Taken

Cluster 1

40% of respondents
Renewal + financial + non-financial transaction

Cluster 2

60% of respondents
Have made claims (including death claims–beneficiary)

8 mini group discussions

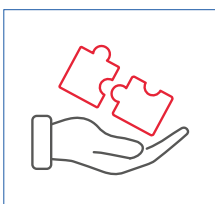
(With focus on Cluster 1)

24 DYADS*

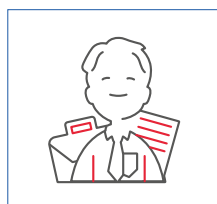
(With focus on Cluster 2)

*Qualitative research discussions consisting of 2 participants together, led by a moderator.

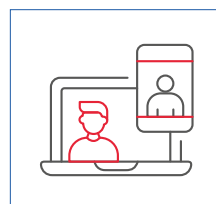
Point of Purchase



Bancassurance



Agents



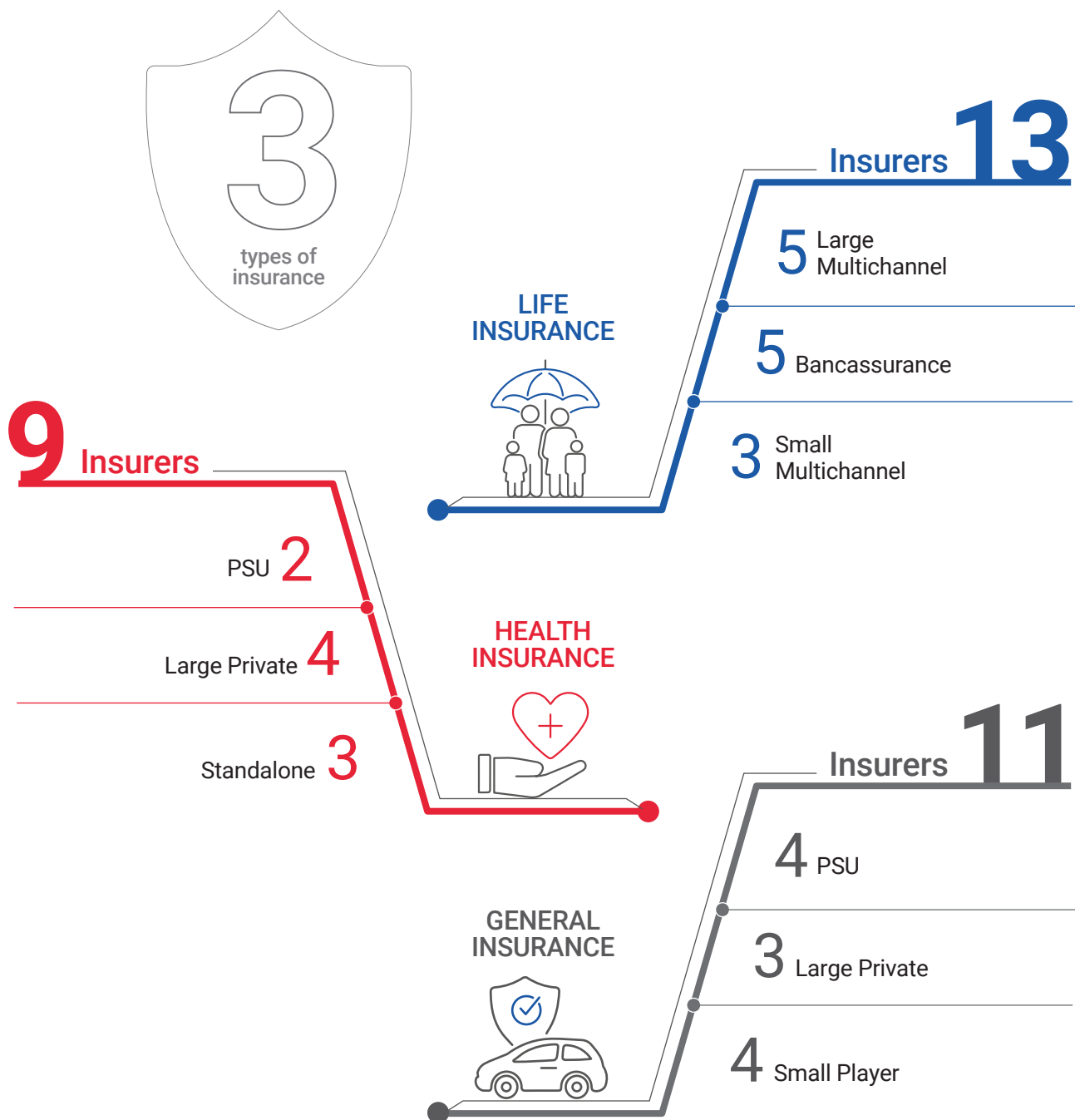
Online

About the research



Insurer's Profile

For insurers, we further categorized the 3 insurance types into three cohorts, basis the business size and distribution models. To understand the delivery strategies of each cohort, we interviewed across the organization from mid-level managers to C-Suite leaders.



We also interviewed 2 TPAs and garages to extend our study of benefit realization.

About CAMS Insurance Repository

CAMS Insurance Repository (CAMSRep) is a 100% subsidiary of CAMS Ltd and is a leading Insurance Repository regulated by the Insurance Regulatory Development Authority of India (IRDAI) that provides e-Insurance account to policyholders to aggregate insurance benefits as well as access policy services from a single platform. CAMSRep (as on June 30, 2023) holds close to 6 million policies in digital format issued by over 45 insurers and services close to 5 million e-Insurance Accounts.

CAMSRep through its insurer services provides technology as well as capacity solutions that supports insurers in delivery services to their respective policyholders. CAMSRep has been supporting majority of life insurers over the past decade and has recently extended its services to general insurers.

CAMSRep has primary service delivery centers in Chennai, Mumbai, and Hyderabad with a team size of 330 employees and has 270 insurance service centers spread across the country.

About Dragonfly

Dragonfly's story began in August 2008, when two young researchers driven by their deep passion for qualitative research decided to open their own boutique firm that would help clients with not just consumer understanding but also arrive at strategic business solutions. Madhulika Katiyar & Shilpa Shah set sail on this journey together. With a diverse set of clients, Dragonfly has established itself as a leading qualitative research agency which is driven towards providing actionable insights as well as future gazing which help with strategic inputs.

Dragonfly Vision

To be the go to partners for clients to help with BAU as well as further development, innovation and growth. To uphold the highest standards in the discipline of insighting...from providing rich cultural context all the way to actionable insights which help clients meet their business goals.

Hence, its about partnership and complete involvement towards ensuring we not only meet the client's goal but also go beyond.

About Avalon

Avalon Global Research (AGR) a specialist research, analytics, and advisory firm that helps our clients with custom knowledge solutions to identify and realize global market growth opportunities, partnerships, and potential investments. AGR help address complex business challenges and enable informed decisions with our wide array of research and knowledge services for our clients across diverse industries in over 100 countries.

Leveraging the 30-year knowledge legacy of Avalon Group, AGR offers actionable insights in six key disciplines: business research & analytics, investment research, customer insights, cross-border business expansion, technology research, and risk & compliance research. Powered by our seasoned domain experts and proprietary frameworks, AGR is a trusted research partner to some of the world's largest multinationals, consulting firms, government & industry bodies, and investment communities.

