

Digital Transformation in Insurance

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Headquartered in Mumbai, India, HDFC ERGO General Insurance Company Limited is a joint venture between HDFC Ltd. HDFC ERGO focuses on providing the "Right Insurance Solution" for all. We offer our customers complete range of general insurance products ranging from Motor, Health, Travel, Home and Personal Accident in the retail space and customized products like Property, Marine and Liability Insurance in the corporate space.



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Digital Transformation is the current global buzz and it's envisaged to have a radical impact on the Insurance sector. Insurers worldwide are creating quantifiable value for their businesses by increasingly using digital tools and technology in innovative ways. This has resulted in significantly enhanced operational efficiencies and completely transformed customer experience.

Digital transformation is a planned and well-considered application to achieve a seamless and accelerated reform of business activities, processes and models, with an intention to fully leverage the challenges and opportunities of digital technologies. This entails leveraging technologies such as mobile, social media and cloud to make better decisions, automate processes, strengthen stakeholder connections and pursue profitable innovation.

The netizens today, who buy insurance, have expectations that are shaped from their experiences with new age digital players in other sectors. This has raised the bar for insurance companies in terms of service deliveries and experience.

Digitisation also entails thoughts on future innovation to design and launch future-oriented products which are unimaginable today. This will not only help insurance companies but also the customers.

Digital innovation is transforming the way insurance companies work with industries in defining risk management strategies for businesses. It encourages industries to use IoT sensors that help workers handle assembly line safely, thereby avoiding personnel injuries, lowering absenteeism and improving productivity. IoT sensors for fire detection and water leakages are already being effectively used across many sectors. The usage of IoT devices in industrial, engineering and manufacturing domains ensures effective risk management thereby helping insurers minimize losses arising out of any industrial mishaps.

Considering the criticality of this segment from the insurance perspective, companies are investing in startups, which can innovate and devise more such solutions.

On the other hand, integrating IoT devices with health insurance will benefit the retail customers, encouraging healthy living activities



for them and making it a win-win proposition.

Digitization being all-encompassing will ensure a well-connected ecosystem of agents, brokers and customers to create a model where information is accessible to all stakeholders real time, making it easier for agents and broker to service or contact their customers instantaneously. Digitisation will also ensure that the customers get an omnichannel & real-time service experience.

The Opportunities

The convergence of technologies like data sciences, mobility, IoT, Artificial Intelligence (AI) etc is set to transform the way insurers operate and will open new avenues for innovation in products and services. AI and analytics could enable automation of underwriting and fraud controls.

Considering the increasing use of data space, consumers are bound to have a huge digital footprint. The ability to mine this data, coupled with AI will help insurers carve a niche for themselves and build inno-

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vative products catering to specific needs and peg them at a competitive price. Technologies like Robotics and Artificial Intelligence will propel organizations to become leaner.

The Complexities

The rapid proliferation of technology has given rise to a whole new

generation of products and services, across sectors. For e.g. self-driving cars will lead to the demand for a new auto insurance product. This technology brings its own pros and cons, whereby the accident rates may drop but the complexity of the claims might increase.

Adding to this, a new kind of threat might emerge where hackers can take control of the car. Hence, it will be imperative to bundle a cyber-crime insurance cover with the new auto insurance.

Having said all this, the potential value, as well as application for making digital a competitive advantage, still remains untapped. To unlock this huge untapped reserve, insurers should review and implement the digital strategies of some of the digitally advanced industry leaders.

To invest in digital capabilities or to become a digital insurer is the biggest dilemma for insurance companies, today. Choosing the later will help these companies build greater customer loyalty, cut costs and improve profitability. **CR**