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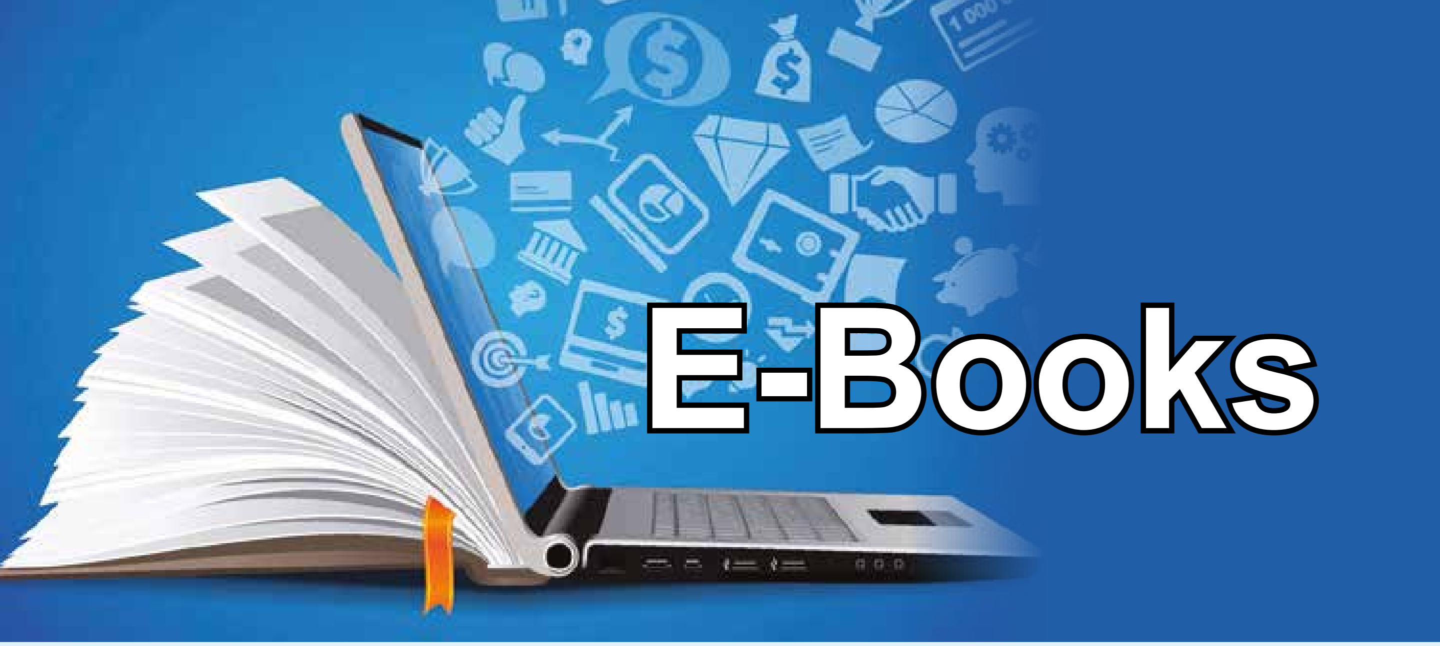
‘Technology and New Normal in Insurance Post Covid 19’



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EDITORIAL

"The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." - Alvin Toffler

This issue of the journal is devoted to the theme of "Technology and the new normal in Insurance" Indeed, 'new normal' has become the latest buzzword on the block. It connotes a popular conception of life and work that has been forced on us as a result of the pandemic – like social distancing; work from home; economic de- stabilization and devastation of businesses and livelihoods on a mass global scale; reconfiguring of learning processes; mental problems and issues in interpersonal relationships.

What exactly do we mean by 'new normal?' The term obviously seems to suggest a move towards a new state of equilibrium. What is this new state going to be and how is it going to be reached? Is it just a matter of tweaking the technology to create some new work models? Would things settle down once we have the vaccine – the fear and desperation that gripped the world as news emerged of mutations of the virus in UK and elsewhere, are an indication of unsettled we are, even though we want to believe that things would be fine…..

It may be useful perhaps to ask how normal the 'old normal' was. Look at the wave of natural catastrophic events that hit humankind in recent decades – from hurricanes to terror strikes to pandemics. Are they just random, isolated one off events or do they form part of a pattern, intricately connected to a way of life we have been so used to. If the latter is true, is the new normal going to be any different?

Questions like the can lead one to despair. On the other hand, they can also be a wake - up call for exercising mindfulness and responsibility towards carefully designing the world one wants to build for future generations.

Perhaps this is where a re-look at the insurance industry may be warranted. Should insurers merely focus on how to do 'business as usual' and make some money in the 'new normal'? Do they have a bigger role to play in redesigning our way of life? Can they play such a role whilst continuing to operate on existing paradigms of the business? We hope the issue may spark some thinking on such questions.

We invite articles for the upcoming issue of the journal.

Editorial Team

Gearing-up to the New Normal Post COVID-19 for Insurance

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"It's not a faith in technology. It's faith in people." - Steve Jobs.

Insurance being a risk mitigator, has been one of the first responders at the time of any crisis. For being so, it has to recover the fastest and set the ball rolling for other industries to pick-up. COVID-19 effected regions globally, causing a whirlwind effect on all stake-holders viz. consumers, businesses, and the entire workforce. The present COVID-19 pandemic is one such "boiling frog" event (if not a "black swan" technically) and results prove that insurance sector has shown fairly good levels of resilience even in this case. According to experts, the insurance sector has showed exemplary resistance to face the economic shocks and emerged out of it, in reasonably good shape. When other sectors are still recovering from the collapse, using the stimulus and incentives from the government, insurance is very well acting as their walking-stick. This remarkable feat is not possible without the tango of the technology and people of this sector. We will try to enlighten how the technology and human capital is transforming in every single way possible, to serve post COVID pandemic.

As we are celebrating the first anniversary of COVID-19, one has to be amazed the way we have transformed in this journey, till now. "Work From Home (WFH)" was a jargon good to hear, but never one thought off in this industry. “MS Teams” was surely unheard of by many in this field. However today we have adopted it quite swiftly – right from a cold-call to closure-meetings, quote issuance to policy punching, conducting virtual survey to collecting / sharing the required claims documents. Suddenly these practices seem like normal, “The New Normal” which we are talking about, and will surely last longer than the virus itself.

The disruptions faced can be classified into

Pricing, product, and book disruptions – Insurance is dependent on the economy to utilize the economies of scale and scope. COIVD disrupted these by throwing challenges like –

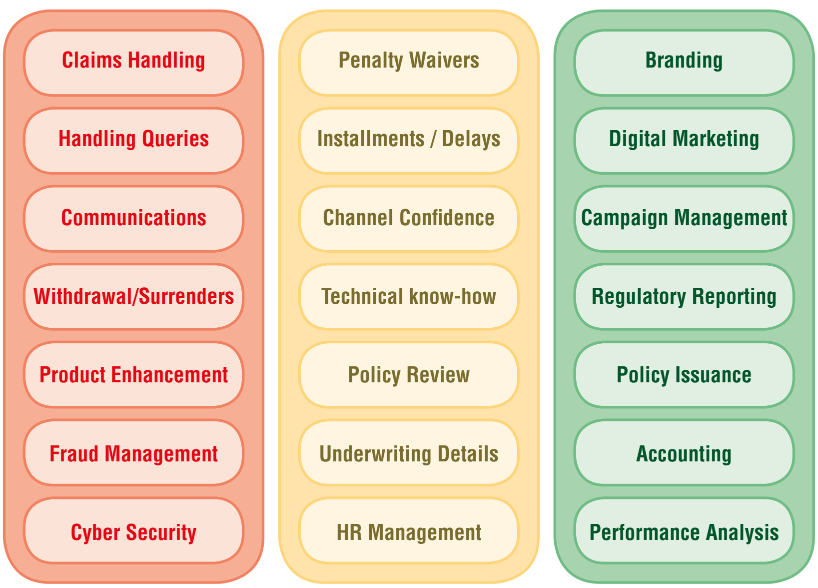
1. Will there be buyers at this price? Will the risk-pricing model survive the demand slump?
2. Will the traditional products be relevant to the needs of the customer anymore? Should the product be revamped immediately?
3. With volatile equity markets and dwindling rate of interest, how can the balance sheets be prevented?
4. Will the insured have a capacity to by a higher-value policy amidst fears of a subsequent recession?
5. Why should I renew my vehicle insurance if I am not driving / using it?
6. Can the risk be adequately covered at this available pocket of the insured?

Operational disruptions – insurance is a business based on solicitation and the pandemic challenged it with the requirements of physical distancing. With employees themselves at risk / fear, the pandemic brought to from challenges like –

1. Increased load of questions related to policies of the customers like, is it covered under my policy? To what extent? How can one get this covered?
2. How can a 2BHK transform into two or three offices, a school, a playground and if required, into a hospital as well (for people with complications)?
3. Are my employees actually working? How to combat performance erosion or atleast the fear of it?
4. The employee in-turn had a fear of losing the job or reduced cash inflows.

Behavior disruptions – “Never write a cheque, without personally seeing your insurance advisor” is an unsaid rule in insurance. Suddenly forcing everyone to move into the digital space, is a silver linings of this pandemic, optimistically thinking. This pandemic accelerated the digital engagement across the customer journey – canvasing, proposal, quotation, policy, servicing or claims. The pandemic has changed the mindset of the general public as well and now the risk protection has gone up significantly as well. Insurers need to cater these needs better to get the larger share of this pie, along with safeguarding the “anti-selection” dilemma.

Infrastructure disruptions – When many systems worked on a LAN network, becoming wireless immediately is more than a disruption, one could have imagined ever. Providing laptops to all for enabling WFH’s seemed a tip of ice-berg inform the challenges of migrating to cloud / VPN access. This period experienced innovative solutions like the movement of desktops to individual homes till the time – laptops could be procured and configured or using remote access. Expanding WFH arrangements to all possible functions is a disruption which will have a long lasting impact on the industry. This also came with the increased cased of cyber-attacks / ransom attacks and hence increased the cyber-security needs. Fraud detection and prevention became a major aspect in this as well.



Cyber-crimes can add fuel to the existing pandemic woes and needs immediate additional care. While the systems are connected to open networks, higher levels of remote access to core systems, and unaware / unsuspecting employees, are proving to be a dream come true for the hackers. Insurers can suffer from the double whammy of attacks on their own servers and/or attack on the insured's systems.

Communication Disruption – Communications, internal as well as external, is vital now more than ever. The internal employees need to be motivated enough to walk the extra mile as per the need of the hour. Proper communications, building the confidence of internal employees is the key here, else grape-wine / rumours will take lead without even the knowledge of the management. The best marketing strategy, in a pandemic situation is the word-of-mouth marketing. Proper external communication can boost this substantially. In absence of these two, we have seen case-studies where few companies are facing reputation risk and / or litigations from policy holders and employees alike.

To summarize the insurers have to reasonably expect the following as the "New Normals" now

a) Increased volumes of claims effecting profitability, cash flows and / or capital infusion

b) Reduction in returns from investments due to continued volatility and draining out of assets

c) Revive and grab the new market requirements like pandemic coverage, insuring cash-flow projections, force majeure exposure coverage etc. Thus creating a window of change and innovation, the sector has never seen before.

d) Increase the communication channels, multi-fold and provide them proper know-how.

As per a survey conducted by PWC - COVID-19 CFO Pulse Survey, the major challenges perceived were as shown in the graph. Although this was quite early trend in the months of June 2020, most of the perceived risks do stand relevant even now. As said earlier, these challenges have to be solved with the combined efforts of technology and people only. This article will take us through these challenges in details, trying to emphasize on the two outlined factors – technological front and the human capital front.

The unprecedented pandemic had seen few case studies worth mentioning –

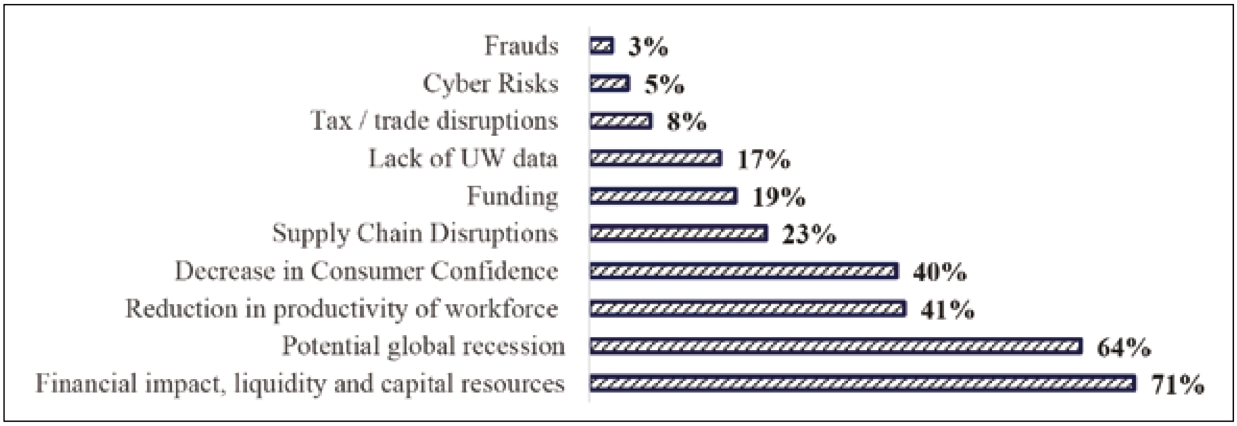
Cover it the Wimbledon Way

The Wimbledon tennis tournament decided to buy pandemic cover for US$1.9 million per year taking cues from the earlier SARS outbreak in 2003. Paying around US$31.7 million as premiums since last 17-year, it receive an insurance payout of around US$142 million for this year's tournament cancellation.

Insurance Brokers the Easy Fall Guys

There have been steep increase in the number of negligence claims against the insurance broker arises from a broker's perceived failure to insure specific risks, or to provide adequate insurance cover, to report risks to an insurer, to renew relevant policies and/or to set policies up correctly and in time. Few instances of these are as follows:

- My business interruption insurance was inadequate, and I was not properly advised of the restrictions in the coverage.
- The need of taking a Pandemic Cover / Business Interruption cover was not adequately advised to me.
- We had instructed our insurance brokers to obtain business interruption insurance but they failed to obtain such coverage in time.



University of Pennsylvania Law School's COVID Coverage Litigation Tracker suggest that till August 2020, there were more than 1,000 COVID-related legal cases filed against insurers in the U.S. alone, with the vast majority seeking business income or business interruption coverage only.

Number of COVID-19 related lawsuits against US insurers	
Insurer	**No. of Cases**
Hartford Financial Services Group Inc.	168
Cincinnati Financial Corp.	100
Zurich Insurance Group AG	62
Travelers Cos. Inc	58
Erie Indemnity Co.	45
Certain Underwriters at Lloyd's London	42
Liberty Mutual Holding Co. Inc.	41
Society Insurance Mutual Co.	39
Nationwide Mutual Insurance Co.	36

The Changing Product Mix

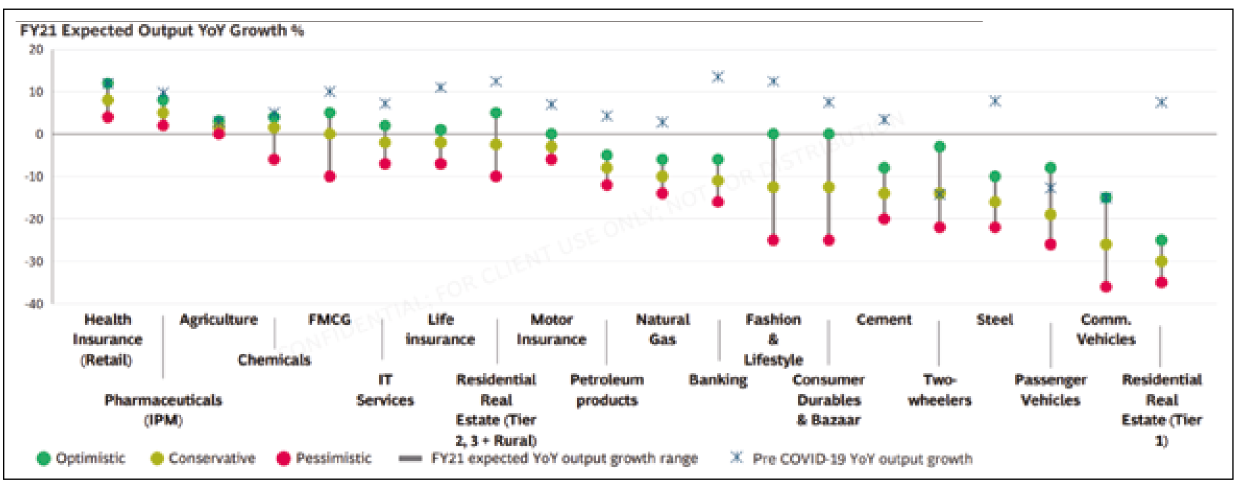
The top 10 largest global insurance markets are cumulatively expected to see their gross domestic product (GDP) decrease by 4.5% in 2020 compared to 2019 because of COVID-19, according to a new Insurance Information Institute (Triple-I) report whereas Global GDP is expected to contract between -5.5 percent and -6.5 percent in 2020. In this scenario, the one glaring observations globally is as follows:

Decreasing premiums – As mostly all governments globally imposed lockdowns and travel restrictions, motor vehicle usage has come down drastically. Lesser usage inturn caused lesser incidents / accidents and thus pulled down the premiums. Competition also lead to accelerate this, Admiral – an UK based motor insurer declared return of around £110 millions to its policyholders owing to reduced claims outgoes – and this prompted others to follow suit. Its expected that the US motor insurance marker is expected to refund around USD 10.5 billions via refunds, discounts, dividends and credits. Delays / Deferrals in payments and waiver of penalties due to regulatory pressures impact the cash flows further.

Decline in Automobile sales – Worldwide the sales of automobiles and spares has reduced drastically this financial year. For the Indian auto sector which was grappling with the regulatory changes, COVID dealt a severe blow further. This has a direct impact on the motor premium.

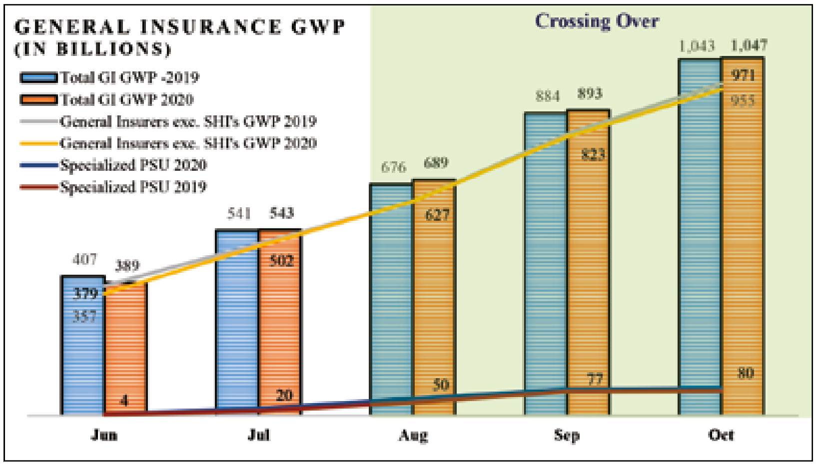
On the contrary, for the first time in India's insurance sector, the health business has beaten the motor vertical to become the biggest non-life industry segment, boosted by a rise in standard COVID-19 plans. With increasing cases and hospitalizations expenses crossing INR 10 lacs on an average, the demand for health grew. The regulator also emphasized Carona Kavach to cover hospitalization due to COVID-19. Insurance Regulatory and Development Authority of India (IRDAI) data showed that while motor insurance premiums saw a 15.7 percent decline, health insurance premiums saw a 13 percent YoY growth in the April 1-August 31 period.

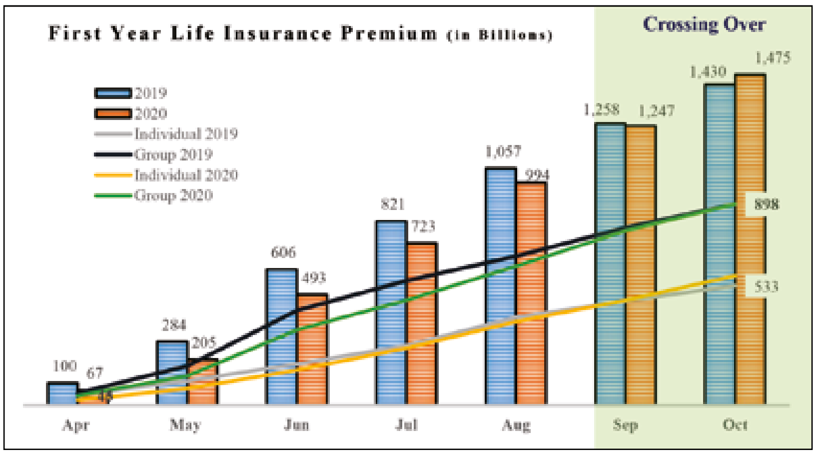
As per BCG – COVID 19 India Perspective 5.0, Version 25th May – Retail health segment is the most promising segment across industries and is expected to top the charts.



The Good News - Recovery is on-track!!

IRDA segment wise reports month wise till October 2020, proves that the Indian Insurance Industry, is on track of a recovery and the same is evident in both the life insurance sector as well as general insurance sector. In life insurance, although the year started with woes in both Individual lines as well as Group policies, the gap kept on widening till June 2020 and the recovery phase started from July 2020 with the October 2020 numbers showing the crossing over from YTD 2019 numbers





and these numbers are important considering declining economies world-over. (Source – IRDAI Monthly business report and Segment wise report 2020)

The same story is also evident in General Insurance where the business started with a de-growth of 9% in April 2020 and the de-growth sustained till July 2020 but the business figures have started charting positive growth from August 2020. The story here shows increase in the premiums of specialized PSU's compared to last year. Although the GWP's of general insurers excluding Stand-alone Health Insurers (SHI's) GWP is still a challenge and is trailing despite of substantial correction in fire insurance rates across the sector, which got subsidized by reduction in rates of Engineering and Marine lines.

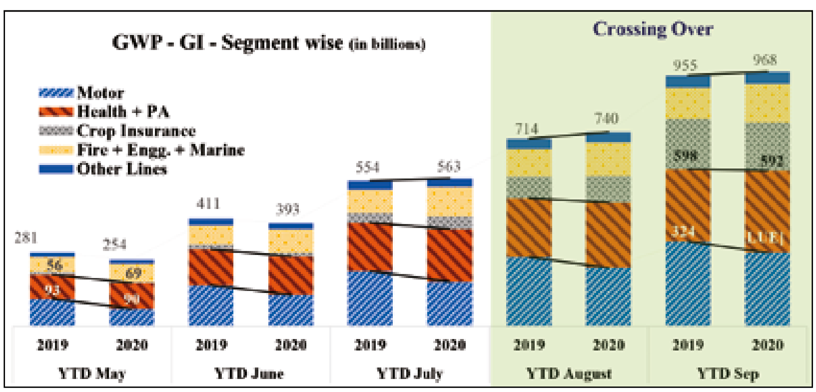
The story highlights

- the unprecedented decline in Motor premium
- growth of GWP in health and personal accidents lines
- substantial increase in crop premiums
- substantial increase in liability and miscellaneous lines

"The New Normals" in Our Lives Today and the Strategies Insurers Need

Pandemics have always thrown challenges which support innovation, as necessity is the mother of innovation. To understand how insurers need to strategize, we need to first understand how this pandemic is changing our normal lives and then correlate the same to the insurance. The major changes this pandemic has brought to our lives are

Health is wealth and nothing better than this pandemic can teach us this. When everyone be it individuals, families, corporates or countries are struggling



to survive, we realize that the most important thing for anybody is a healthy life. For these we see

- People are eating healthy
- People are more hygienic now
- People are going to gym / practicing yoga more frequently
- People are now constantly tracking their body parameters and sharing them for advises
- People are monitoring even small changes in their body

Staying Connected - has become a basic necessity today accelerating digital transformation. Schools are online now. Having live streaming of marriages is the basic expectation of relatives today. Kids screaming in-between meeting is no more a sin. Brick and mortar has transformed into click and collect. Friday movies, workshops, workouts, games, socializing, worshiping everything has got a digital makeover today. And all of this required few months to attain normalcy.

- As per data by internet services providers, internet usage has jumped more than 50%.
- The big-billion day sales saw unprecedented response from all customers across India.
- Today we are working more remotely than ever.
- Our homes have become smarter too both for providing facility as well as safety.
- We are travelling much less today and probably speeding up, when we are.

But I want it! A customer today wants the complete value for his money and is ready to wake the extra mile for it. Be it a price benefit or value addition or a detailed evaluation, supported by technology, customers are doing all of it now. The move from, a traditional kirana store by the lane, to the app with highest discount; is the most important customer behavioural change we experience today. Loyalty is no more available, even with a cost escalation.

Ringing Call-centres – The pandemic has led, to a reversal of its own sort. Today, customers are calling the call-centres to know more about the financial product, to know the present status of their investment or sometimes – just to check – are they prepared to respond.

But Google / Alexa says otherwise!! – The digital transformation has brought the entire universe into our homes. Its not surprising anymore that technology guesses what we are willing to buy and suggest us where to buy it from. Technology has answers to all our queries and we believe the data provided by it to be the gospel truth somehow. This also comes with a risk of a mis-information transforming into reality in matter of few minutes. It was not due to mischief or a prank, but due to spread of misinformation that people drank disinfectants liquids to treat the virus or believed that drinking alcohol reduces the risk of picking up the virus.

Family is the last saviour – The pandemic has brought families closer. We have realized that the comfort of family can deal with any challenges life throws on us. And now the definition of family extended from the bond of blood and/or law to include friends and pets as well.

Staying Connected - has become a basic necessity today accelerating digital transformation. Schools are online now. Having live streaming of marriages is the basic expectation of relatives today. Kids screaming in-between meeting is no more a sin. Brick and mortar has transformed into click and collect. Friday movies, workshops, workouts, games, socializing, worshiping everything has got a digital makeover today. And all of this required few months to attain normalcy.

The strategies insurers have to adopt from the above observations are as follows –

- ***Insurers will be more connected and agile.*** The first of the "new-normals" for insurers will be presence on all platforms, office branches, call-centres, websites, apps, social media and even on our smart watches. With the demolition of the concept of working hours, insurers have to be available 24x7 with ease and everywhere from bathrooms to boardrooms.
- ***Insurance will move from the "devil-in-details"*** to "clear promise". With the increasing

know-how with the customers and dislike of finer-prints, insurers will come out with smaller, simpler policies with broader, black and white coverage. The early birds will have unprecedented gains and the laggards will be forced to join the band wagon. Regulatory changes by the IRDAI has already paved ways for insu-tech companies to innovate and the insurance start-up eco-space has already gained momentum.

- ***On the cloud*** – Insurers will continue to invest in technology pockets that will help them leverage the "new-normals" to their benefit. Technologies like Cloud Computing, Bots and artificial intelligence will definitely act as a catapult to bring in the economies of scale and scope for insurers.
- ***Insurance Sachets*** – With diminishing cash-flows, soon we will see insurance being sold as sachets. This will be in the form of over-the-counter products or on piggy-backing models with services. The purchase of a flight cancellation insurance along with a airport-drop, event cancellation cover-with a concert ticket, cyber-cover with a broadband connection or a carona-cover with a salon visit; insurance will become the new normal in itself.
- ***Cost–optimization the new normal*** – With the customers questioning optimizations, insurers will be forced to provide – Usage based, On-demand coverage. The effects can potentially affect price-arbitrage but bring in more customers under the fold.
- ***Technology Impact*** – Artificial Intelligence and AI tools, will enable usage of IoT sensors, to obtain individual client information leading to safer risks paying lesser premiums. It will also help send focused messages using chatbots to the right customer at the right place. Once sold, AI can fasten the claim settlement process in many ways than one.

Using Artificial Intelligence(AI) and smart automation by the usage of IoT and/or Big Data, insurers will streamline process like

- o **Pricing through real-time, dynamic, behavioural models**
- o **Better underwriting of risks** - by accelerating data collection, analysis and risk assessment. The sources will include social media accounts, geo-tags, digital footprints and monitoring expenses.
- o **Express Claims** - Surveys will now be with drones and intimations though watsapps / geo tags and auto intimations through advanced algorithms mapping customers to the minute details
- o **Customer supports** will be available soon on all platforms – click, voice or texts across the clock. A Google / Alexa will now be your insurance advisor too.
- o **Fraud management:** to help detect, predict and prevent fraud patterns and attacks, with enhanced forensic capabilities to collect, analyse, interrogate and process data.
- o Allowing access to app data like **Google Maps**, **Aryogya Setu**, **Fit-bits** will allow higher discounts to willing customers.

Insurance Sachets – With diminishing cash-flows, soon we will see insurance being sold as sachets. This will be in the form of over-the-counter products or on piggy-backing models with services. The purchase of a flight cancellation insurance along with a airport-drop, event cancellation cover-with a concert ticket, cyber-cover with a broadband connection or a carona-cover with a salon visit; insurance will become the new normal in itself.

- o Insured can be suggested consultations with the right experts following inputs from IOT and AI and accordingly help the insured to nip the bud early.
- o **Selfie insurance:** Innovations in image processing helps insurers use facial analysis to replace lengthy medical examinations with a risk score obtained by taking a selfie on their app provide instant proposals, anywhere anytime with reasonable risk-reward.
- o **Use of remote imaging** to assess underwriting risk and evaluate claims in must faster manner. Today surveys are already conducted remotely and this experience will last with us even in the post-COVID world.

- ***Data Protection*** will become a new KPI of all insurers as the willingness to share the date required will come with the confidence of assurance of safety only. The cost advantage can very well, turn into escalating legal costs as data-collection is a double ended sword.

- ***Do-it-yourself*** – or in other words empowering the customers will become new trend replacing mast of the insurer's back office work requirements. With digital transformation the back offices will be utilized for more productive roles rather than data entry / documentation jobs.

- ***Correct communication at the first try*** – Education will become the new basic requirement for all. The agents, channel partners, call centres all have to speak the same vocabulary.

- ***From Soliciting to consulting.*** COVID has definitely exposed the coverage gaps in traditional insurances being purchased all these whiles and brought them into limelight. Thus today, customers are ready to pay a little more if required to punch a better cover. This in-turn has made people with good knowledge of insurance products - the new celebrities of the town. Hopefully this will make us matured enough in terms of risk mitigation.

- ***Teams will be collaborating more effectively*** and frequently now, as being face-to-face is no more a pre-requisite. Now out-of-sight is not out-of-mind but rather a "dot" on our chatbox.

- ***Block-chian the new entrant on the street*** - Insurers will be using block-chain arrangement to their benfits more effectively than ever. Medical data /info, claims data, previous records etc. will be shared between health providers and insurers to speed up the information flow. Thus helping quicker decision making or claims processing.

- ***Evolving Product Mix*** - Along with term life – products like Endowment, Income protection and Critical illness will find higher traction on life insurer's side. On the non-life side apart from health insurance, D&O, Cybercrime Insurance, Credit Insurance and Business Interruption policies would see a demand push.

- ***Tailor made insurance:*** Using the sandbox regulations, we will find insurers allowing users design their own policy by mixing and matching the offering of insurers as "building blocks" to have better risk coverage.

- ***Customer Testimonies*** or the lack of it will become the new scale to measure the key indexes for all stakeholders in the "post-COVID" world.

Thus hopefully we will end-up facing the post COVID era – much stronger, better and organized than earlier and sail through this pandemic as well, just like we did many times earlier as well. This too shall pass.

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Enterprise Risk Management, Technology Prowess and The General Insurance Industry – A Sector Poised to Succeed and Deliver Value to Stakeholders in a New Post Covid-19 Era

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I. Introduction

The COVID-19 pandemic has impacted the world economy and its citizens in unprecedented ways. It is highly unlikely that in 2019, anybody would have predicted the way 2020 would PAN out!

It only re-inforces what has always been said – We truly live in a **VUCA (Volatility, Uncertainty, Complexity, Ambiguity) world.**

The pandemic has virtually changed everything – all business plans conceptualized have been re-visited; economies have suffered – some more than the others; agility in performance has been impacted not knowing how to react to every passing day; trade and commerce activities have been impacted in a big way with certain industries facing the threat of unsustainable losses; **people's perception about risk management and future planning has undergone a paradigm shift – not to forget perception about life as a whole has changed.**

Businesses keep thinking and asking themselves a few pertinent questions:

- *Will we see another 2020?*
- *Are we prepared for another 2020?*
- *When will the pandemic end completely (if ever)?*

- *Can the business survive another pandemic (for those who have managed to survive and not collapsed)?*
- *What were the hits and misses in managing the impact of the pandemic i.e. in other words - Did we effectively manage Enterprise Wide Risks?*

Fairly straightforward questions to understand and decipher, however the answers seem far from straightforward – in fact the questions seem impossible to answer to many and fairly so.

II. The New Normal

It is common to believe that in a few decades from now – **BC could very well be interpreted to mean Before Corona.**

But the moot question is – Why?

The answer to that very simple - the pandemic **has changed almost everything** – right from the way business is done to the methodology of working and conducting operations, not to forget the re-inforcement of a known fact in the business circles– **Technology will rule the world, with technology prowess having the potential of being a complete game changer.**

What was normal before the pandemic, could end up becoming extinct after the pandemic and the world is certain to see – **A NEW NORMAL**, particularly in the Professional Work Space.

The New Normal can be described as a normal we never thought of, a normal we have to accept (irrespective of whether we like it given that it has largely been pushed on us) and live with and believe with a sense of confidence that this new normal will have its share of advantages on the professional front.

III. The Non-Life/General Insurance Sector

India has a growing non-life/general insurance sector and given the dynamics of insurance penetration in India, this sector is certain to evolve further and become a core partner in the nation's success story.

The pandemic has impacted all sectors and India's Non-Life insurance sector is no different.

For a sector which places customer service at the heart of its decision making and focuses on robust underwriting, reserving and claims management to ensure that it derives value for its stakeholders – the pandemic has played a big role in impacting every sphere of a non-life insurance company's operations.

The impact will stay and be remembered for long – in fact, we can conclude with reasonable certainty that the impact and its resulting changes could become a regular feature of a non-life insurance company's work model.

IV. The New Work Flow Model for Non-Life Insurance in the COVID-19 Era and Thereafter

The core areas of a non-life insurance company's business operations can largely be categorized into:

a. Sourcing of Business

b. Claims Management

c. Customer Service Management

d. Employee Related Work Aspects

All the above referred areas have undergone changes, attributable to the pandemic.

The essential perceived changes and the ever increasing influence or role of technology in each of the above referred core areas for the non-life insurance sector is evident and elucidated hereunder:

a. Sourcing of Business

It has been witnessed that companies have proactively reached out to their customers through various digital channels during the pandemic outbreak phase and through tele-calling for renewal of insurance policies.

An evident sourcing feature observed also involves intimating customers and sending them the website links to facilitate the purchase of insurance policies, thereby enhancing overall customer experience with respect to ease of purchase and boosting the sourcing prospects for the Company.

Sourcing of non-life insurance business is being undertaken through leveraging technology and various digital channels and sensitizing the customers on the products being offered by companies, including utilizing the digital platform to reach out to more customers for growing the business.

Continual communications have been undertaken with the customers through e-mails, SMS and Social Media Platforms, urging customers to leverage online technology platforms and digital services available for meeting their insurance requirements, including utilizing the available digital payment options for premium payment.

Applications (Apps) have been developed by Companies to ensure that availment of a diverse spectrum of insurance services is made easier and full of convenience for the customers.

To give an example, as the sourcing of business for motor insurance was proving to be a challenge on account of the constraints faced in carrying out the break-in inspection of vehicles, a key initiative adopted by certain companies in the non-life insurance sector was to to build the functionality of self-inspection for the customers through an App. It has been observed that the app is being leveraged extensively through self-inspections being undertaken by customers and consequently the smooth issuance of policies being ensured.

A very vital component of sourcing involves business generation through intermediaries. Intermediaries are very important stakeholders in the non-life insurance business.

It has been observed that non-life insurance companies are providing knowledge support to agents to enable them to digitally source business through knowledge sharing series or sessions.

The channel partners are being trained and sensitized through proactive training programmes being undertaken by certain non-life insurance companies with respect to educating the partners on new products being introduced in the space of general insurance.

A vital aspect observed is that the intermediaries of non-life insurance companies have been assigned access to the technology platforms developed by the insurance companies, through which the details of customers can be captured and policies can be issued by the intermediaries to the customers, thereby enhancing the prospect of sourcing business through the use of technology.

Non-life insurance companies have endeavoured to empower the intermediaries through usage of various technology based customer relationship management platforms.

It has been witnessed that certain general insurance companies have also undertaken a series of sessions with their channel partners from the perspective of educating them on the risks associated with and arising out of the COVID-19 pandemic, including therein the essential measures to be followed for minimizing those risks and urging them to educate customers on the same as well.

Various education material on Do's and Don'ts of COVID-19 have been shared with intermediaries, again through technology platforms, urging them to encourage their customers as well to adhere to the Do's and Don'ts shared and to utilize the digital platforms for purchasing policies.

The on-boarding of agents in being undertaken digitally in the non-life insurance space and the Point of sale (POS) channel is being extensively leveraged through ensuring that on-boarding of POS is made completely digital, thereby leading to enhancement of the channel partner base.

In times to come, it can be fairly concluded that in the New Normal World Post COVID-19, Technology will play a core strategic role in sourcing of business for the non-life insurance sector.

b. Claims Management

It has been witnessed that in certain scenarios, the entire claims process has been automated with documentation, approvals, surveys and the related aspects of claims being brought on a digital platform.

Documents submission has been made online through leveraging technology and the claim related documents are being accepted through soft copies, in place of hard copies, wherever possible, to ensure that claims processing is smoothly and effectively undertaken.

> To give an example, as the sourcing of business for motor insurance was proving to be a challenge on account of the constraints faced in carrying out the break-in inspection of vehicles, a key initiative adopted by certain companies in the non-life insurance sector was to to build the functionality of self-inspection for the customers through an App. It has been observed that the app is being leveraged extensively through self-inspections being undertaken by customers and consequently the smooth issuance of policies being ensured.

For example, in the case of health insurance claims settlement, it was observed that network hospitals empanelled with a general insurance company, could submit claim documents in soft copy form during the phase when submission of documents in hard copy was difficult on account of movement restrictions imposed due to the outbreak of the pandemic. Claims were being processed and settled basis soft copies of documents submitted by the network hospitals.

Clients and channel partners of general insurance companies are requested to share the soft copies of claim supporting documents, with submission timelines given being extended to accommodate customers, post required due diligences.

The facility of sharing claim related documents, with respect to certain category of claims, on Apps developed by certain general insurance companies has also played a big role in facilitating the claims settlement process.

Soft copies of AML / KYC documents / Funds Transfer documents sent as an attachment from the email id of the authorized signatories are being accepted, wherever feasible in compliance with applicable laws and regulations.

Non-life insurance companies have looked to leverage on technology to generate system driven reports to understand the service levels being rendered to customers and above all continually endeavour to improve the service levels, through real time information obtained from various technology based platforms.

On claims being lodged by customers, companies have taken proactive efforts to get in touch with customers and guide them on utilizing the technology driven platforms for undertaking the settlement of claims.

As is known, prior to claims settlement it is extremely crucial to ensure that surveys are undertaken by qualified and experienced surveyors who can provide a fair assessment of the losses incurred by the insured on account of the occurrence of an event or an insured peril.

The Non-Life Insurance Companies are required to appoint a surveyor to undertake inspection of sites where a claim has been reported and submit a loss assessment report, prior to settlement of claims. The general insurance sector, amongst other factors, is giving cognizance to appointing surveyors who possess the required technological tools for undertaking virtual surveys for claims assessment of customers, wherever required and necessitated.

In the space of effective claims management too, the influence of technology is there to stay in the new normal to be witnessed in the post COVID-19 Era.

c. Customer Service Management

Customer service is of foremost importance and the Non-life insurance sector has always endeavoured to ensure that it delivers well on various parameters of customer service management.

Customer service has also undergone a paradigm shift, attributable to the pandemic outbreak, and the impact of technology on customer service management in the non-life insurance sector has been significant.

To give an example, with respect to insurance provided to corporate customers, it is very common to see a risk inspection being undertaken prior to the decision being made on the terms and conditions and feasibility of insurance.

The general insurance sector is looking to leverage on technology and undertake virtual risk inspections (VRA) wherein customer site inspections are being undertaken via video streaming.

The same is offered by certain general insurance companies as a **Value Added Service (VAS)** under the customer service management category and the same also helps companies in assessing the right quality of risks to be underwritten.

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From the perspective of benefitting policyholders, communications have also been undertaken with the motor insurance customers by the general insurance companies on precautions to be taken with respect to their vehicles during the COVID-19 outbreak, attributable to movement restrictions and reduced use of vehicles.

Technology interface tools are being utilized by companies for servicing customers in terms of creating interactions with respect to customer queries related to policy cancellation, policy renewal, policy refund, etc. The technology tools help to track the entire cycle of servicing the customer, resolving any concerns at their end and monitoring compliance to queries.

The technology of Artificial Intelligence is also being utilized through chatbots being conceptualized and built for releasing quotes and addressing certain customer queries on a prompt basis.

Service Quality related Dashboards and trackers have been created by certain non-life insurance companies through sublime use to technology, to measure and monitor various areas of customer service such as complaint resolutions and claims management, including claims intimation and settlement tracking and review.

Dedicated contact numbers have been provided and published on the websites of the non-life insurance companies, for redressal of customer grievances. The numbers are generally displayed prominently on the websites on the companies, with a graded escalation mechanism being provided for customer grievance redressal, again on the company's website. Helpline numbers have also been made available to the insurance intermediaries, to endeavour in resolving queries.

In a post COVID-19 world, technology being leveraged extensively in every arena of customer service management by a non-life insurance company, is very likely to become a normal feature.

d. Employee Related Work Aspects

Technology has had a major influence on the employee related work aspects, given that in the wake of the pandemic outbreak several offices were not open and Work from Home or WFH as is now known popularly, became a common feature across the globe.

WFH became a possibility due to the technological prowess and WFH looks fairly certain to become a new normal in the post COVID-19 world.

Meetings with the internal and external stakeholders of a company are also being undertaken through online technology platforms and through video conferencing, which goes a long way in minimizing travel cost and time for companies.

The technology prowess has enabled employees of various companies to take undertake work activities from home keeping in mind the lockdown enforced as a result of the pandemic and the overall safety of employees and their families. The non-life insurance companies endeavour to closely monitor the service levels in a WFH environment and effect changes as required, to be able to serve customers effectively.

Training programmes are being undertaken to harness the benefit of technology and employees are undergoing training programmes covering various key aspects of the insurance business.

Certain non-life insurance companies have organized various digital wellness sessions for the employees. Education material is also circulated by certain companies to their employees on safety and productivity in a Work from Home environment, through the technology platforms.

To facilitate effective working in a WFH environment, various technology based applications relevant to carry out the core operations of a general insurance company have been enabled in a WFH environment, along with keeping a close focus on cyber security in a WFH environment.

WFH best practices including Do's and Don'ts of security have been rolled out by certain companies to the users of technology on a periodic basis using various communication channels such as emails and available corporate collaboration tools. Risk assessments and controls implementation, from a cyber security standpoint is also being focused upon.

The new normal in the post COVID -19 era, will see the technology function continuing to play a big role in employee related work aspects.

V. Conclusion

The impact of COVID-19 on the world has been unprecedented in many ways. It would be fair to state that future generations may never know how different the world was prior to COVID -19 as the new normal in a post COVID-19 world is likely to be very different from the new normal in a pre-COVID 19 world.

People, economies, industries, companies – all have been impacted in some way and will continue to be.

One aspect is certain – To a large extent the future growth, profitability and sustainability will belong to companies who can demonstrate their strength in Enterprise Risk Management and Technology. TJ

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Pandemic Times: Technology Saves the Day for the Insurance Industry

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The Insurance industry is essentially a very dynamic sector, as it needs to respond to every change that happens in the world, by way of designing new products or providing additional features in existing products. As the use of computers became more common, and people started doing business on the internet, the insurance industry came out with policies covering cyber liability and computer crimes.

In addition to covering technology related risk, the insurance industry, internally uses technology extensively to improve its service standards and offer a better experience for customers.

The Covid 19 Pandemic acted as a big catalyst for technology transformation for many industries, whereas for the insurance industry, this technology transformation was a necessity. In India, it perhaps started with the introduction of the Sandbox approach by the Insurance Regulatory and Development Authority of India (IRDAI). Under the Sandbox approach, a conducive environment for insurance companies to innovate was allowed, including using technology based solutions available in market. For offering such products or services, partnering with various Fintech and Insuretech companies was also allowed.

Under the Sandbox initiative, IRDAI received a total of 173 proposals[1] from various insurance companies for offering new products or services, of which 33 were approved. Most of these products were introduced in health insurance based on the current demand of people to have more user friendly health

[1] *Source- irdai.gov.in – Press release dated 14 January 2020*

insurance products focusing on sickness and also on wellness initiatives.

Some companies introduced mobile app based systems for diabetes and cholesterol management. Policyholders were offered disease management using nutrition counseling and coaching so that they could lead healthier lifestyles with exercise and better diet. Customers showing improvement in health after such initiatives would get rewarded with redeemable points which could be converted into monetary discounts at the time of renewal of the policy.

Some companies offered health monitoring via wearable devices where one could get rewarded for healthy behavior throughout the policy period.

Similarly, sachet sized health products, where one can purchase health policies for short period or need-based flexi sum insured options were also introduced. Also, the concept of giftable health insurance policies was also introduced to make health a priority.

In Motor Insurance, most of the products introduced were usage based. Instead of paying flat premium for a year, the premium could be paid based on the usage of the particular vehicle. The main advantage is that the person who is not using the vehicle usually, would need to pay much lesser premium than the others. This was possible due to use of technology, popularly known as 'telematics'. Telematics devices collect GPS data as well as an array of other vehicle-specific data and transmit it via General Packet Radio Service (GPRS), 4G mobile data and cellular network or satellite communication to a centralized server. Telematics data can include location, speed, idling time, harsh driving or braking, fuel consumption, vehicle faults, and other similar information. It can help the insurance company to understand and analyse the behavior of a particular driver and charge the premium based on his/ her behavior.

In Motor Insurance, some products were introduced to automate the claim settlement process and estimate collision impact using Artificial Intelligence, thus reducing the turnaround time for settling routine motor insurance claims and increasing customer satisfaction.

During the Covid 19 time, new ways of doing business emerged and the Insurance sector was not far from the scene. Considering the unprecedented situation, IRDAI provided some technology based enablers, some of which are listed below.

Ease of Doing Business

During the Covid 19 time, IRDAI came out with a circular on Companies (Meeting of Board and its Powers) Amendment Rules[2], 2020 (on similar lines of MCA), on 24th March 2020, even before announcement of the national lockdown in India, allowing insurance companies to hold their board meetings through video conferencing or other audio visual means. Done for facilitating holding of board meetings, a most important component of the corporate governance framework, the circular which was intended for three months was subsequently extended.

This initiative helped all the insurance companies to stick to their timeline for submitting various reports and also for speedy decision making.

Rescheduling of the Loans Against Policy

Conceding to representations received from industry associations seeking a moratorium on repayment of term loans sanctioned by the Insurers, IRDAI evaluated the cash flow difficulties faced by policyholders during the COVID 19 outbreak, and allowed some relief to the borrowers of Term Loans[3] on the lines of the directions issued by RBI on 27th March, 2020. The IRDAI press release said,

"In respect of term loans, insurers are permitted to grant a moratorium of three months towards payment of instalments falling due between 1st March, 2020 and 31st May, 2020. The repayment schedule for such loans and also the residual tenor, will be shifted, across the board by three months subsequent to the moratorium period."

By way of detail, the asset classification of term loans which are granted relief as above were to be determined on the basis of revised due dates and revised repayment schedules. The rescheduling of payments, including interest, would not be treated as default for the purpose of reporting of NPAs. Insurers were directed to frame Board approved policies to extend these relief measures to all eligible borrowers.

Because of above directive of IRDAI, insurance policy holders who had taken small loans on their policy got treated similar to other borrowers and the benefits got passed on. One needs to understand that the immediate

[2] *Source- irdai.gov.in - IRDA/F&A/CIR/2019-20/481*
[3] *Source- irdai.gov.in – IRDA/F&I/CIR/INV/085/04/2020*

implementation for the same was possible for all life insurance companies, as all policy details were available in the system and due to technology such kind of facility could get extended to all eligible policy holders at a click of a button.

Electronic Policy Issuance

Considering the difficulties faced by life insurance companies in printing and dispatching policy documents due to the lockdown situation, IRDAI came out with a circular on issuance of electronic policies[4] under provisions of Regulation 4 of IRDAI (Issuance of e-Insurance policies) Regulations, 2016. Whereas while doing so IRDAI made sure that policy holders interest was not getting compromised and to achieve the same they again specified that the email id of the policy holder must be submitted in the proposal form along with the express consent of policyholders to receive electronic policies. The same email id could be used to return the electronic policy document for purposes of cancellation of the policy under Free Look[5] Cancellation.

IRDAI directed life insurance companies that the date of receipt of electronic policy document must be verified with Pre Issuance Verification Calls (PIVC) or other means to calculate Free Look period. The proof of above verification must be maintained for future reference.

This would help insurance companies to issue the policies in much faster time and also the cost incurred by companies in printing and dispatching documents would significantly reduce. Giving the policy in electronic form saves on paper and goes in line with sustainability initiatives taken by various sectors. For the insured, instead of waiting for an intermediary or a dispatch agency to deliver the policy copy to take a call on the usefulness of the policy, this turned out as more transparent and real-time in nature.

Dispensing with Physical Signature

Due to the social distancing norms, post COVID 19 outbreak, the traditional operations of the filling-in of the physical proposal forms, obtaining wet signatures[6] on them and subsequent movement of such physical papers became very difficult. Considering this, in August 2020 IRDAI came out with the circular on dispensing with physical signature on proposal forms.[7] The main feature of this new regulation was that Life Insurers were allowed to obtain their customers' consent without requiring wet signature on the hard copy of the proposal form for pure risk products such as term insurance which does not involve a savings element. For the business underwritten by insurance intermediaries, the policy holder had to validate the completed proposal form on mail or mobile, by clicking the link provided in the massage or by way of one time passwords (OTP).

Insurance companies were also asked to maintain evidence of the consent obtained by the above procedure and without completion of the validation, the premium obtained could not be deposited. At the same time, the intermediaries also were required to confirm that only approved sales material was shared with the policyholders and to certify the authenticity of the email and mobile numbers provided in the proposal form.

Initially this facility was allowed on an experimental basis till 31st December 2020 whereas later, vide Circular dated 11th November 2020 it was extended till 31st March 2021. Knowing the risk involved in such kind of initiatives these measures were limited to 'pure-risk' products only, i.e., products that do not involve any savings element. All Insurance companies were asked to maintain separate statements of grievances related to policies sold this way.

As this particular initiative was introduced at the right time, insurance companies could take advantage of the awareness which was created regarding the need of pure protection products during uncertain times and thus able to sell policies without compromising on the rules set by the local authorities.

All these initiatives that both the Indian Insurance Regulator and the Industry can take pride in, could happen only because the country was already having the necessary technology infrastructure, the citizens were reasonably technology savvy and the Indian society had already embraced the technology culture. IJ

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[4] Source- irdai.gov.in - IRDAI /Life/Cir/Misc/207/08/2020

[5] Fre look period: - the insured will be allowed a period of at least 15 days from the date of receipt of the policy to review the terms and conditions of the policy and to return the same if not acceptable. It is applicable at the inception of the policy

[6] Wet Signature :-When a person uses a pen or seal to sign their name on a physical paper document to make it legally binding it is called as Wet signature

[7] Source- irdai.gov.in - IRDAI/Life/Cir/Misc/208/08/2020

Data Privacy in Post Pandemic Digital World

Abstract

The purpose of this article is to know how paradigm of Data Privacy is changing in Post Pandemic Digital World. The article is talking about how Privacy is evolving in today's context and why there is need of Privacy Protection. Article also involves a screening on technologies behind how different online systems have features that allow them to track online behaviour of users and profile them. Then Paper Throws light on different Tools & Technologies which gets used for Data Privacy. Paper ends after highlighting Information System Life Cycle in Digital World and what organisations are doing for enhancing Data Privacy.

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Introduction

World has faced such pandemic first time in last around 100 years. It was never predicted that such pandemic may happen and will impact on business and everyday life. The COVID-19 Pandemic has changed the way how people work, study, shop and make decisions, affecting every aspect of life & business in every sector in some way.

Under new normal, businesses and individuals are finding themselves coping to restart economic activities remotely, to work around the balance between ensuring physical and economic safety.

The COVID-19 pandemic also gave an opportunity for insurers to recognize the impact of digitalisation on a new level: What is already there, how to improve further and How to handle Customers' Data.

Businesses are also working to answer below Questions related to Personally

Identifiable Information (PII) data of policyholders in this Post Pandemic World:

- How to maintain or improve Data Privacy?
- How to serve Customer Better without any trade-off with their PII data?
- What Digital Support is still needed to safeguard Data Security?

The Indian insurance industry, which according to various reports expected to continue growing at a stable rate and reaching a total market size of more than 20 lakhs crores by FY2020, is now watching at their business figures how tough, is to match its last year's performance.

In a nut shell, we are in the midst of a black swan event that no thinker could have predicted. We are already seeing the effects across the insurance value chain. While life insurance applications have surged, with some companies reporting a 20-50% increase in monthly volume since February 2020.

Privacy Evolution in Today's Context

Developments in the recent past have given rise to fresh challenges from a privacy perspective. Some of these factors that are 'step' changes include:

1) **Big Data Analysis in Post Covid World:** With Big Data, it is possible to gather detailed information about individuals, their behaviors, their habits and preferences etc. and build very detailed profiles, which are then subsequently used for various purposes.

2) **Individuals as 'Data Generators':** Emergence of various phenomena, particularly Social Media Usage during lockdowns and while at home, has made individuals into active data generators.

3) **Cloud:** The fact that a lot of businesses, applications and data is migrating to the cloud has tremendous implications on Privacy.

4) **Internet of Things (IoT):** The Internet of Things is where new Work From Home (WFH) technology is embedded into our everyday lives, into devices and fixtures that we use in our everyday lives – from gadgets to lighting systems to healthcare management to transportation etc. when each of these are connected to the internet, it essentially constitutes the "Internet of Things".

Need for Privacy Protection

The current era has significantly changed the concept of privacy as the imperatives during privacy are changing and evolving. Many needs in the recent past have increased the focus on privacy issues. Some of these needs include:

1) **Technology advancement in this Post Covid Digital World:** Many technology advances like Wearable glasses, Wearable health devices, Customized advertising Billboards etc. are raising questions about their impact on privacy.

2) **Data collection & Usage by Businesses:** Improvements and advances in computing have dramatically increased the volume of data collected, stored, processed, analyzed and transferred. The shift in technology from analog processing to digital processing in communication and other daily operations has greatly enhanced the capacity to store and share personal data – especially pictures, audios and videos. Therefore, what was out of reach even a few years ago is now done with great ease by even the smallest of businesses.

3) **Mass Surveillance Programs by Nation States especially post Covid times:** Recent revelations of massive surveillance projects undertaken

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by various governments has raised many alarms, and bought privacy discussions in the mainstream.

4) **A Question of Human Rights:** Privacy is also closely linked to Human Rights. The right to lead one's life in private is the right of an individual, also recognized by the UN Human Rights Council (UNHRC).

5) **Impact of Globalization & Trans-border Data Flows:** The internet and the ubiquitousness of mobile devices have ensured that data moves without boundaries. In the earlier days of computing, data flows were mainly point to point. Today, data is being processed in multiple locations simultaneously, stored around the globe in a dispersed manner, and flows easily across borders via multiple channels.

6) **Social, Mobile & Cloud Technologies:** In a short span of 5-6 years, Social networking has brought millions of users around the world on a single platform, despite its usage impacting organizations on different fronts, and the privacy of individuals. People love to connect with one another, make friends, chat, and publish photographs of family and friends. Information thus shared by people gets stored on servers of these social media sites located across the world. The rapid rise of mobile devices and, simultaneously, that of the cloud has also brought in its own further impact. Proliferation in use of mobile apps on different platforms also leads a lot of personal data being shared with the app developers for further processing.

7) **Huge Information and its Examination:** Volume of personal data being collected is mammoth in volume. Simultaneously, costs associated with storage of data have crashed. Moreover, the nature of this data is persistent – given the dispersed manner of storage & usage of cloud, any data put 'out there' tends to be 'permanent' in a manner of speaking. The Field of Analytics has also tremendously grown with powerful algorithms and tools now readily available to process data, link diverse data sets and bring out powerful resultant information that was not possible to obtain till even a few years ago.

8) **Legal & Regulatory Challenges:** Global, integrated nature of things today challenges legal frameworks, which are governed by geographical boundaries. There is increased regulatory focus on protecting the privacy rights of the citizens or users against misuse by businesses and governments. While much of the developed world has created privacy legislations, the developing world is also catching up with many developing countries in Asia and Africa enacting privacy laws to safeguard their citizens against misuse of data.

Data Flows Amongst Countries

Data flows amongst countries facilitates business process streamlining, improve market access, and maintains business relevance in a fast evolving business landscape. Developments such as web 2.0, online social networking, search engines and cloud computing which has exploded in the last few years especially during post lockdowns, have significantly increased trans-border data flows.

The different approaches by countries and geographies towards trans-border data flows can be categorized into the following:

In a short span of 5-6 years, Social networking has brought millions of users around the world on a single platform, despite its usage impacting organizations on different fronts, and the privacy of individuals. People love to connect with one another, make friends, chat, and publish photographs of family and friends. Information thus shared by people gets stored on servers of these social media sites located across the world. The rapid rise of mobile devices and, simultaneously, that of the cloud has also brought in its own further impact. Proliferation in use of mobile apps on different platforms also leads a lot of personal data being shared with the app developers for further processing.

1) **Data Flows that are regulated:** Some Geographies have passed data protection or privacy protection legislations / regulations that are perceived by some stakeholders

to be quite restrictive, creating significant hurdles for flow of personal information across borders.

2) **Data Flows with limited rules and regulations:** Some Countries have legislations or regulations that address flow of data across borders but are not very restrictive.

3) **Special International data transfer arrangements:** Some countries have implemented specific frameworks to enable data flows like APEC has an entire framework called 'Cross Border Privacy Rules System' that governs the transfer of data across borders. Also, EU and the US have worked out a specific framework for managing personal data of the EU citizens being transferred to the US.

4) **Un-regulated Data Flows:** Some regimes have no Specifications or are completely silent on the topic of data flows amongst countries. However, even in such situations, contracts are used as an instrument to ensure that the same level of data protection is achieved and maintained in the destination country as in the country of origin.

In India, Trans Border data flow is addressed by Rule No. 7 of the "Reasonable Security practices and procedures and sensitive personal data or Information Rules, 2011" under the IT (Amendment) Act, 2008.

The emergence of the 'Cloud' has challenged a lot of existing approaches to trans-border data flows. One of the main concerns around cloud pertains to arising conflicts between the global nature of cloud, internet architecture and delivery and the local legal and regulatory requirements. A cloud service provider could have data centers, clients, end customers and resources maintain the services – all in different locations. However, national security, cyber security, privacy and content regulation related legal and regulatory requirements may require cloud service providers to comply with local requirements.

Transactions Involving Personal Data

With the immense usage of internet and opening up of markets post covid lockdowns, Business to Consumers (B2C) and Government to Citizens (G2C) transactions have grown exponentially. A significant portion of information transacted includes personal data, which raises concerns over privacy.

Before we look at the tools that help protect privacy, it is essential to understand the technology behind how different online systems have features that allow them to track online behavior of users and profile them.

1) **Cookies:** Cookies are small files that are sent by websites to your browser to remember and send back when the browser connects to the website again next time.
2) **Images and Other Referred Content:** Some e-mails and web pages are not wholly self-contained. They may refer to content on a server, rather than including the content directly. When an e-mail client or web browser prepares such an e-mail or web page for display, it ordinarily sends a request to the server to fetch the additional content. This tracking mechanism is known variously as Web Beacon, Web Tracking, Page Tag etc.

3) **Click Tracking:** Similar to Web Tracking but it is dependent on the user taking a specific action like clicking on a link or a button. An example is a promotional mail which has some basic information and has a link for "Read More…".

4) **Browsing History:** When a user visits a website, a smart JavaScript based code can try to figure out the sites that the user had visited based on the browser history.

5) **Device Fingerprinting:** This refers to collecting detailed information about the device that the user is using while browsing sites. This includes Browser make & version, OS, Time zone, Network Carrier, Display etc. Some of this information is gathered from the HTTP headers and some from JavaScript functions in the browser. It is hard to prevent Device Fingerprinting.

6) **Deep Packet Inspection (DPI):** DPI is a form of packet filtering that examines the data part (and sometimes the header) of a packet – as it passes an inspection point. The Packets flowing on the network have multiple levels of headers corresponding to multiple levels of protocols, viz, MAC or physical level, IP, TCP and HTTP to name a few. Deep Packet Inspection consists of looking inside multiple levels of headers and understanding the information being transmitted at the protocol level.

7) **Data Scraping:** Data Scraping consists of harvesting and collating data from online forums, social networking forums, job sites, blogs etc. It is also known as Web Mining.

8) **Location Tracking:** The common ways of tracking the location information of a user are through the information sent to the website while browsing or through based on mobile device usage.

9) **Glass Technology:** Wearable devices which can record anything that they are seeing without anyone coming to know. It is a clear violation of one's privacy if their audio or video is recorded without their knowledge or consent. The problem is only compounded by the fact that these recordings can be shared or facial recognition software can identify people in the recordings and put them in the recorded place at the recorded time.

10) **RFID:** Radio Frequency Identification (RFID) is a technology that uses wireless, contactless devices to transfer information through electromagnetic fields at radio frequencies. Typically, RFID tags are small chips with built-in antennas that come in different from factors. E.g. Tag-on stickers which could be stuck to merchandise like in Shopping malls.

Tools & Technologies for Data Privacy

Privacy Enhancing Tools (PETs) are components and techniques that can be deployed to address specific needs. Some of the PETs and their usage are as follows:

1) **Authentication & Identity Management:** Authentication involves ensuring that a user is actually the person who they claim to be. This is typically achieved by employing a username in combination with a password, where the username is considered as a digital identity of the bearer and the password as their authentication. Identity Management is about deciding what a user can access once their credentials are established and the user is inside the system. Identity Management Systems used in organizations could be very elaborate to ensure that only certain users can access certain systems, even at the data element level.

2) **Anonymity:** Anonymity in web transactions means that the user cannot be identified nor tracked on the basis of the information contained in that transaction. One way to improve anonymity is to strip the identifying headers and process the information. This is possible both in cases of email and web browsing.

3) **Data Loss Prevention (DLP):** It is a technical solution that helps an organization to govern and control what data can be transferred across organizational assets and networks, based on predefined rules and policy configurations. Main drivers for DLP System deployments are two-fold: business losses arising from data theft, loss or disclosures as a result of insider threats and compliance with state or domain specific privacy laws.

4) **Encryption:** It is a process that alters data in a way that makes it illegible and completely different from the original data. The hall mark of a good encryption algorithm is that even if the algorithm is known to a hacker, he would still not be able to decrypt the data if he does not know the key used for encryption.

5) **Data Masking:** It is the process of de-identifying (masking) specific data elements while rendering the data from data stores to users. Data Masking often comes up as a solution where the removing the data or encrypting it altogether is not an option. Data masking can be done at various levels – at the data store level, at the application logic level where the data is processed and at the user interface level.

Authentication involves ensuring that a user is actually the person who they claim to be. This is typically achieved by employing a username in combination with a password, where the username is considered as a digital identity of the bearer and the password as their authentication. Identity Management is about deciding what a user can access once their credentials are established and the user is inside the system. Identity Management Systems used in organizations could be very elaborate to ensure that only certain users can access certain systems, even at the data element level.

Information Lifecycle in Digital World

Information Lifecycle Management comprises the policies, processes, practices and tools used to align the business value of information with the most appropriate and cost effective IT infrastructure from the time information is conceived through its final disposition. Information is aligned with business processes through management policies and service levels associated with applications, metadata, information and data.

There are Four phases in the lifecycle of information:

1) **Creation & Collection:** In this phase data enters an organization through one of the several processes: It is either created in-house or it is commissioned to be collected on its behalf (through surveys etc.) or it is received from an outsourced source (through third parties) or by accessing information already available in the public domain.

2) **Distribution & Use:** It is the process of making the information available to the individuals, groups, departments, teams etc. within the organization or with third parties and service providers, for processing and other usage once it has been collected. Typically, in an organization, the users of data and collectors of data are different.

3) **Maintenance:** Maintenance refers to the ongoing management of information. All through the distribution and use process, information needs to be basically maintained. Maintenance includes processes such as filing, retention, retrieval, updates and even transformation to other formats.

4) **Disposition:** It is the practice of handling information that is less frequently accessed or has met its assigned usage and retention periods. Less frequently accessed records may be considered for relocation to an "inactive records facility" until they have met their assigned retention period. Generally, the terms like destruction, deletion, purging etc. are associated with this phase. There is Information-protection life cycle which helps in Data Integrity and protecting data from unauthorized use and destruction in each step of Information Lifecycle. Defining and enforcing policies on storing and transmission of information is one step towards protecting the data. Key tools that are used for this are Data Loss Prevention, Information Rights Management etc.

What Organizations are Doing to Handle Data Privacy in this Post Covid World

To understand the various elements that go into a privacy program, let us understand the interplay between various aspects an organization is taking to handle Data Privacy:

1) **Privacy Policy & Processes:** One of the critical elements of an organization's privacy program is designing the organization's privacy policy which is a key instrument for privacy commitment.

2) **Privacy Governance:** Privacy governance mechanism of an organization needs to ensure that an appropriate framework is used to build and deploy a privacy program in an organization, appropriate policies and policies are set up, the requisite organization structure is built, provide oversight for the program, ensure compliance is demonstrated and metrics are established for effective governance.

3) **Privacy Compliance:** Firstly, an organization needs to comply with a number of legal and regulatory requirements. Secondly, there are various standards and frameworks related to privacy and data protection that the organization may decide to comply with. Thirdly, there may be specific requirements from an organization's clients that drive it towards certain kinds of compliance.

Conclusion

With the proper implementation of various Privacy enhancing tools, Privacy Policy, Privacy Governance and Privacy Compliance any organisation can face the Risk of changing dynamics of Data Privacy in Post Pandemic Digital World and can change adversity brought by Pandemic into an opportunity.

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Digitalization and New Normal in Insurance Post Covid-19

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Abstract

Virtually overnight, the shock caused by Covid-19 pandemic gave rise to a new reality. Mankind has dealt with one of the worst humanitarian crises in decades. For some, this situation has been stressful and full of anxiety, while to others it has been an opportunity to spend time with the family. But through this turmoil, the downturn of the economy, the chaotic states of mind, many stood undefeated.

During this time, the rules of the game changed and organizations came across many challenges such as being unable to meet with customers in person, agent recruitment, distribution & employee engagement, inability to do virtual policy renewals, and increased infrastructure costs.

A potential upside was that the customers were now more aware and willing to buy insurance. It was also noticed that with the continuous increase in digital adoption, led to a much faster and easier access to customers.

The people embraced the new normal and moved ahead.

Keywords

COVID, PESTLE Analysis, Models, Customers, Online, Aggregators.

Scope of the Article

This article will cover the holistic view of the global and Indian business segment with emphasis on the way forward for the Indian life insurance organization. The article will portray a general outlook of the industry and requirements for the new normal. Getting into the individual organization would be out of the scope of this article.

Introduction

Even though the global economic effect of the Covid-19 epidemic has yet to be acknowledged, commerce faces numerous challenges related to the pandemic. Scarce resources, supply chain disruption, and unprecedented unemployment due to physical distancing measures expose organizations worldwide to unique risk challenges.

The continuous spread of COVID-19 has turned into perhaps the greatest danger to the worldwide economy and financial and business sectors. To restrict the effect of the pandemic outbreak, like other countries, India too, took several precautionary procedures. Which includes nationwide lockdown; restricting the movement of the people; closing down public places and transport; requesting the general masses to stay indoors, maintain social distance, and work from home.

The resulting economic disruption is huge, and the short-term decline in activity for businesses, both large and small, considerable. With economic development expected to be seriously hit, the monetary standpoint of the digital payment area is the same and will follow a similar direction, in any event, and for the time being. Yet, the business' solidness and potential for improvement will assume an important function in rebooting the economy in the new ordinary.

The hostile consequences of the pandemic were seeping down to key industrial sectors of the Indian economy, with engineering, automobile, retail, aeronautics, and service industry bearing the wrath of the lockdown.

The ministry of finance has requested the people to increase the use of digital payments. The CEO of the National Payments Corporation of India further bolstered this would help an individual to make contactless payments.

Digital payments, which was once a convenience, have become a necessity now. With a majority of the sectors that contribute to digital payments still in a state of flux, it is still too early to ascertain the long-term impact of COVID-19 on digital payments.

The Indian insurance industry is going through a significant level of modernization and digitization. Rapid digitization, machine learning (ML) for tackling frauds, data analytics to manage risks, digital modes of customer engagement, and distribution is affecting operating models at a fundamental level.

The online platform is no longer only the domain of product improvement but prompting how clients look for data and counsel, and draw in with back up plans and react in circumstances, for example, restorations and cases.

The Government is also pushing initiatives such as Digital India and the India stack to develop a digital eco-system. The forthcoming initiatives towards a universal health cover are now expected to provide improved impetus in reaching the last mile, with minimal cost, by leveraging technology.

India has a population of more than 462 million with internet connectivity and is adding more than 100 million new users each year, to cover over one-third of its population. The country's smartphone user base is an impressive 299 million, around the same as all of the US. By the year 2022, this base is projected to develop more than 440 million. The mobile-first internet age is now a reality.

The Government is also pushing digitalization with initiatives such as Digital India, encouraging tech and digital start-ups through the Startup India program, and creating an environment for making India a 'Digital First' economy.

The Insurance industry is also adapting and moving toward an understanding of how to engage, advice, and build customer bonds and stickiness in this digital era.

Socio-Economic Situation

Political

The current central government coming into power in 2014 looks stable for another term. This brings to the comfort that the initiatives planned and proposed by the government would result in fruition in the coming time.

One of the key initiatives to strengthen the economy was the Digital India initiative, which was launched by the Prime Minister of India Mr. Narendra Modi on 1 July 2015. The Digital India Program's vision is the 'inclusive' growth in sectors of services, productions, electronics, engineering, and job opportunities and also connecting the rural sectors with high-speed internet services and further improving digital literacy.

It is centered on three key areas – 1. Digital infrastructure as a utility to the citizen, 2. Governance and services on demand, and 3. Digital empowerment of citizens.

Prime Minister Mr. Narendra Modi on the 2020 Independence Day speech launched the National Digital Health Mission, announce a new cybersecurity policy and promise optical fiber connectivity to all six lakh villages. The political outlook looks stable for the coming times.

Economic

Due to the COVID -19 scenario, several economies have slumped and GDP has plummeted. Job loss and insecurities are on the rise. The GDP development has been on a consistent decline since Q4 FY17, and because of the beginning of the COVID - 19 panic, it had additionally eased back to an 11-year-low of 3.1% in Q4 FY20 **(Exhibit 1)**

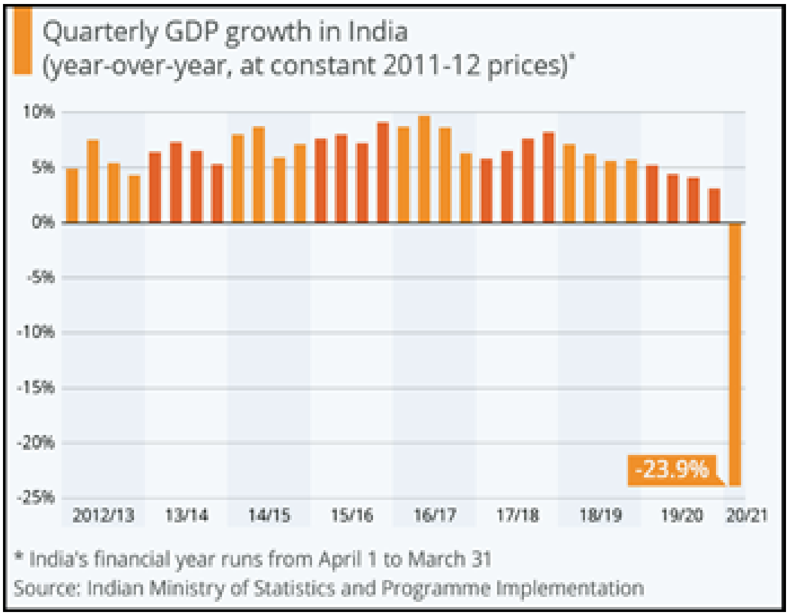


Exhibit 2

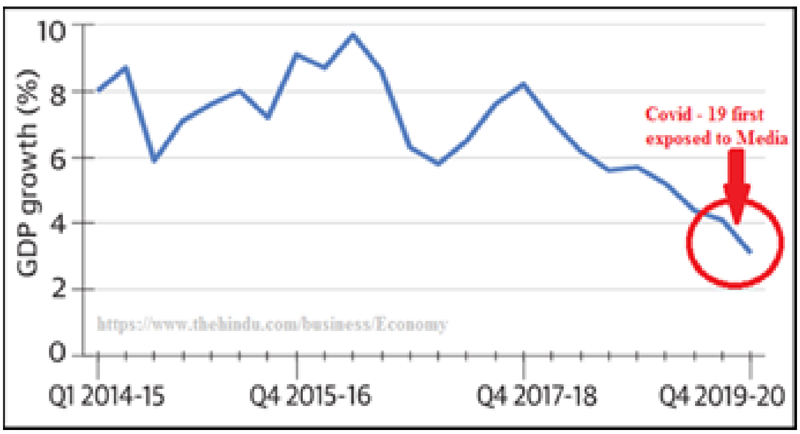


Exhibit 1

India went into a Covid-19 related lockdown toward the last week of March 2020, later than numerous other Asian and European countries - so the impacts of the stay-at-home request just turned out to be completely noticeable in the past quarter.

According to the report from the Indian Ministry of Statistics, **(Exhibit 2)** industrial action had additionally endured a shot well before the pandemic set in, with the yield of the eight core areas (bar) and the record of industrial production (line) contracting within August and October 2019.

India had the most extraordinary lockdown beginning from March 25. This was required in light of the fact that, by definition, network impacts that drive the rate of a pandemic's spread are more noticeable in bigger populations, and especially so when the population density is significantly high.

Google's mobility index uncovers that the pandemic began influencing economic action in India from March when movement dropped by about

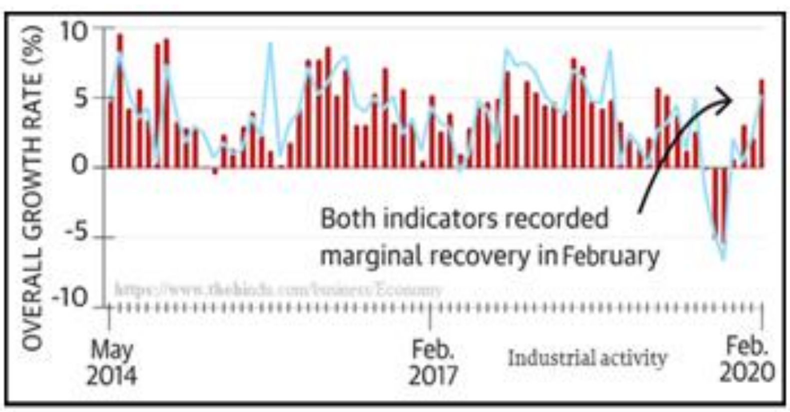


Exhibit 3

20% versus January and February. The service sector, one of the predominant segment of development in India, has been generally influenced by the requirement for social distancing and the lockdown. **(Exhibit 3)**

The decrease in the GDP for April - June quarter (Q1 2020) was principally because of the pandemic and doesn't identify with the economy's retrospective prompting the pandemic. The information undeniably set up this reality and furthermore recommend that the economy has been attempting to recuperate in the unlock stage. India's GDP is 23.9% lower was fundamentally because of the pandemic-prompted lockdown.

The pandemic, in any case, is a serious exogenous stun that influences sentiments of the consumers in an extraordinary way. Each emergency makes vulnerability that drives people and firms to spare as opposed to spend.

The joblessness rate in India went off the graphs following the beginning of the COVID-19 in the nation and ensuing lockdown. As per the Centre for Monitoring Indian Economy, it arrived at 23.5% by and large (average of the urban and the rural rates) in April and in May.

Reports by Economic Times indicated, that the unemployment rate was back down to just 8.5% in the third week of June. This was equivalent to the rate at the time before the COVID-19 crisis, when the Indian monthly unemployment rate hovered around 7-8 percent, according to CMIE. The highest rate reached in the five years before the coronavirus pandemic was 9.7 percent in May of 2016. **(Exhibit 4)**

The International Labour Organisation (ILO) and Asian Development Bank (ADB) jointly reported, as many as 4.1 million youths in the country lost jobs due to the COVID-19 pandemic where the construction and farm sector workers account for the majority of the job losses.

As per a Dun & Bradstreet global report, India could witness a negative growth of 4.5% in the FY20, but could grow at a healthy growth rate of 6.3% in 2021 fiscal, Country Risk & Global Outlook.

Exhibit 4

Social

Man is a social animal so an urge to connect and be abreast with societal updates is innate traits. During the lockdown times, people are spending more time over the internet gathering information or trying to reach out to the near and dear ones who are far apart. The traffic over the online platform has significantly increased since Dec 2019. During the intense lockdown, people have found a way to reach out through social networking sites. These social networking sites like Facebook, Twitter, Youtube, and other channels have gained significant mind share in confined citizens. The knowledge available online has created opportunities and has opened new markets than ever before.

On the social aspect of the online support, the beliefs, customs, and standards held by customers who may be of a different faith, race, gender, and socio-economic background to your average customer. The Internet usage habits (which can differ greatly on customer age also play an important deciding factor in strategy. Further, in terms of basic access to the internet for the mass, which can differ between regions and different strata people based on lower levels of income.

Social networking sites have become a predominant medium of advertising and communication since Covid-19. A service provider like Facebook, Insta, WhatsApp, Zoom, Webex, Google meet, and others have gained significant acceptance and importance. While there are a lot of start-ups who experimented with the ideas, owing to the idea that. India has one of the world's lowest levels of internet penetration, many entrepreneurs started a service, which is accessible via an SMS. All one need will be a cell phone.

Technological

Several successful initiatives were undertaken by the government since 2014, a few of them were Aadhar identity platform, Digi-Locker, Government e-Marketplace, Single Window Interface for Trade (SWIFT), CSC, Digitize India Platform, Jeevan Pranaam and IRCTC connect, etc.

It's about the innovation and technology that is utilized, regardless of whether that is work area or portable, tablets, or wearables. The advanced innovations which incorporate 'Cloud computing and Mobile Applications' have gone about as an impetus for fast economic development and resident empowerment over the globe.

The following list captures some very interesting service and facilities readily available to the public:

- Availability of high-speed internet as a core utility for delivery of services to citizens
- Mobile phone & bank account enabling citizen participation in digital & financial space
- Shareable private space on a public cloud
- Safe and secure cyber-space
- Availability of services in real-time from online & mobile platforms
- Digitally transformed services for improving ease of doing business
- Making financial transactions electronic & cashless
- Leveraging Geospatial Information Systems (GIS) for decision support systems & development

The goal is to ensure how you can make your user journeys easier.

Legal

Legal issues online are a major consideration. A legal oversight can not only affect the organization's bottom line, but also the brand's perception and reputation. The more public of a mistake, the more the brand value can be hurt, which risks alienating a lucrative target demographic.

For example, when setting up social media pages, an organization may need to adapt to meet different laws in different places. If the organization is setting up a Facebook page to promote alcoholic drinks, it's essential to age-gate and country-gate; ensuring that the webpage is only available to those aged over 18 and those in the UK. If the company ignores this, it could be breaking laws in other jurisdictions and this could hurt the business sentiment.

Another example is Spotify, the music streaming service has been available in the USA since it started in 2013 but was not available in Canada until October 2014, quite possibly due to legal reasons. So for online cases, one should consider, product placement, promotional content, copyright infringement, and Data protection.

Environmental

The environment is a fast-growing consideration for the government and the organization. The greatest effect has been on bundling and waste. Organizations are expecting to reconsider bundling in a few nations, where transporter sacks are a chargeable thing at the retail location. This in itself has created a business opportunity for small cottage industries selling fold-up bags that fit into handbags and pockets.

Any positive changes you make to your brand's environmental standing can boost your social profile and make you more appealing to eco-minded customers.

Shall the PESTLE analysis be important for a business?

Whatever your size of the business, PESTLE can identify threats and highlight opportunities. Successful companies in the digital age see these opportunities and adapt or create new product ranges and boldly move into new markets. Nonetheless, it should be noticed that every one of the evaluations should be made in light of the client to guarantee that the examination can prompt changes that will influence your business to improve things.

One of the pioneer companies that ignored broader PESTLE factors for years was HMV, a retailer of music with a long heritage. Originally selling 'vinyl records', it failed to address the sociological impact of the internet, especially online retailing. The retail sales decreased steadily as less footfall happened into the physical store to buy music. Emergent contenders like Napster and (later) Spotify offered music streaming and download services, effectively making the HMV model redundant.

Role of the internet in pricing

A major challenge to many businesses is price comparison websites or web aggregators, where the prices are compared in a situation that isn't always accurate as the delivery charge may

Customers in India, Japan and Australia remain far more alarmed about the virus than consumers in other countries. In BCG research, 77% of Austral-ians, 88% of Japanese, and 83% of Indians concur that the world is in peril because of the Covid-19, versus 51% to 62% of purchasers in different nations. There are several probable explanations for this disparity in outlook. One such would be that the pandemic reached these countries relatively late and that people in those coun-tries had time to witness its impact on other countries, leading to bigger distress about how the pandemic would affect the nations.

be excluded. The influx of the Internet generated many pricing options that would have earlier been impossible to imagine.

For example:

- ➩ First visitor and return visitor pricing is available through the use of cookies
- ➩ 24-hour sales are easier to accommodate with a code to enter at checkout
- ➩ Dynamic pricing based on quantity and availability is now used by most airlines and by many hotel groups and hotel chains
- ➩ Auction pricing focused on the highest and lowest offers (reverse auctions) is used by eBay, Priceline, and many others
- ➩ Software is sold as a service, with monthly payments rather than an upfront fee for a box of disks!
- ➩ Free and premium services have evolved with some services such as games, being free, but showing ads and premium options available for ad-free service.

The digital medium can be a wonderful platform to reach the mass and scale up the business if an organization considers the factors like competitor prices and product/service offering, primary/secondary/tertiary target audiences and their economic situations, and the historical sales success and promotional offers that can push sales during expected downtimes.

Covid -19 influenced Worldwide Customer Beliefs

Customers in India, Japan and Australia remain far more alarmed about the virus than consumers in other countries. In BCG research, 77% of Australians, 88% of Japanese, and 83% of Indians concur that the world is in peril because of the Covid-19, versus 51% to 62% of purchasers in different nations. There are several probable explanations for this disparity in outlook. One such would be that the pandemic reached these countries relatively late and that people in those countries had time to witness its impact on other countries, leading to bigger distress about how the pandemic would affect the nations. It may also be pertinent that these countries' governments have emphasized the importance and potential length of the disruption to normal daily life that COVID-19 is likely to bring. For example, in India, the government has imposed a very strict lock down, with many activities prohibited, including the use of public transport like trains, buses and air travel.

Covid -19 affected - Spending Pattern of the Customer

Analysis from EnY reflects COVID-19 has been affecting spending patterns with a fairly high level of consistency across developed-market countries. **(Exhibit 6)**

Customers are spending more on in-home entertainment, fresh foods, packaged foods, preventive health care including insurance, household care products, utilities, and restaurant pickup

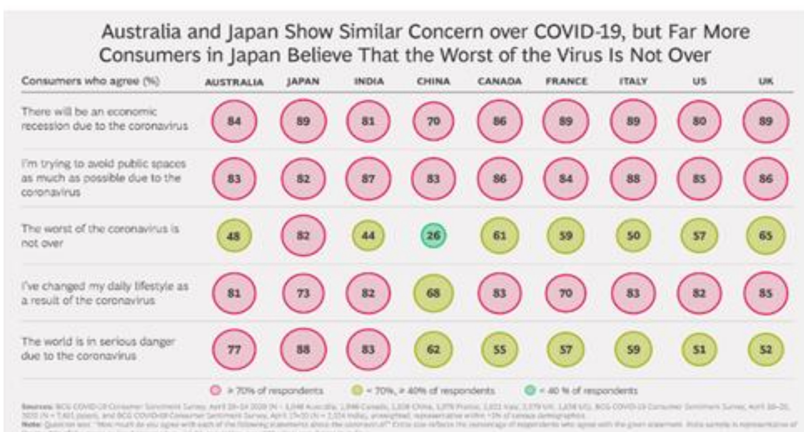


Exhibit 5

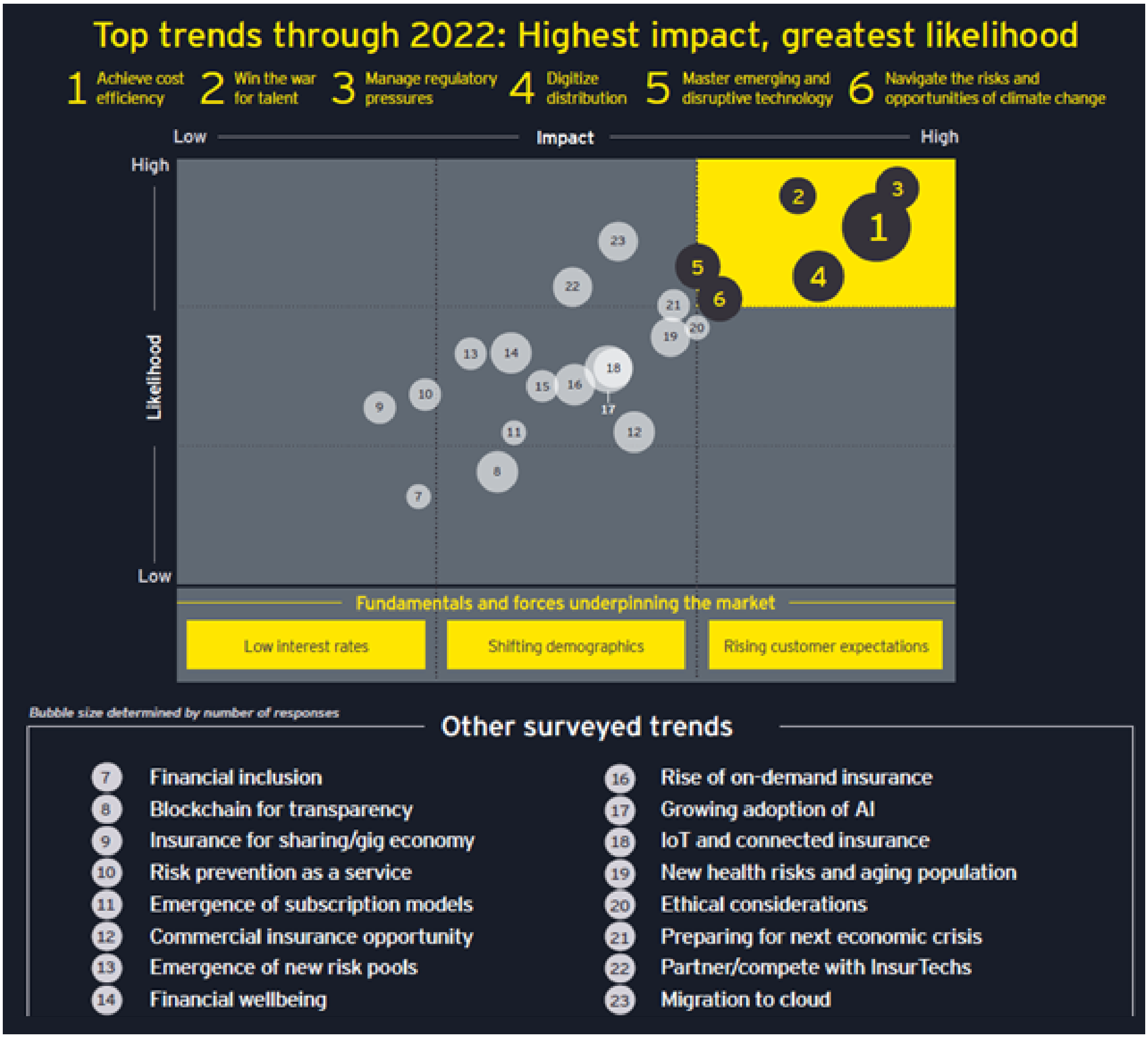


Exhibit 6

and delivery—and they are saving more, too.

Purchasers are spending less in optional categories, for example, travel, extravagance/style, home stylistic layout, and car, just as in classes compelled by government limitations, for example, out-of-home amusement and eat in eateries.

With respect to the circumstance in developing business sectors, in India we see most of shoppers changing their spending in comparative classes—yet a lot more individuals making spending changes generally.

Indian Insurance Industry Snapshot

The Indian insurance industry has a total of 57 insurance companies, out of which 24 are in the life insurance business and 33 are non-life insurers.

Within the public sector, the Life Insurance Corporation (LIC) is the sole life insurance company and there are six insurers in the non-life insurance segment. Notwithstanding these, there is a sole public re-insurer, specifically General Insurance Corporation of India (GIC Re).

Other participants in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims.

Although less, but there has been a steady increase in the overall insurance penetration from 2.71% in 2001 to

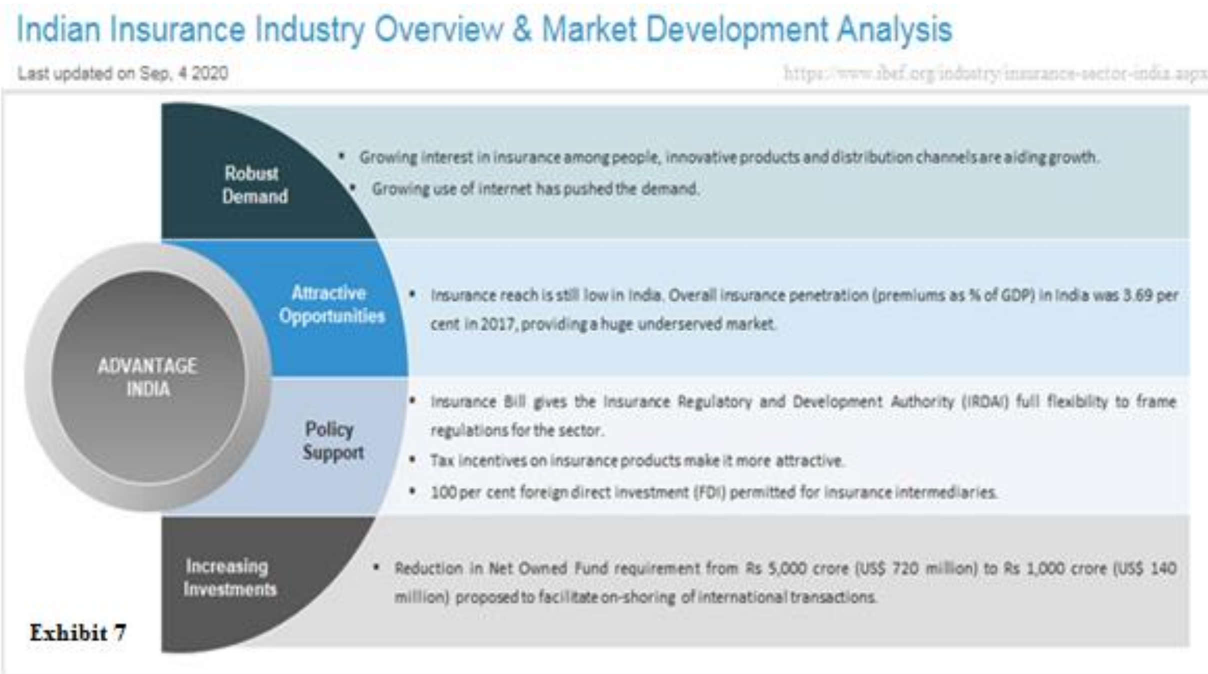


Exhibit 7

3.69% in 2017. Speculations projected that the insurance industry as a whole is expected to stretch to US$ 280 billion by end of 2020. The Life insurance industry, in next 3 to 5 years, being projected to increase by 14-15% per year.

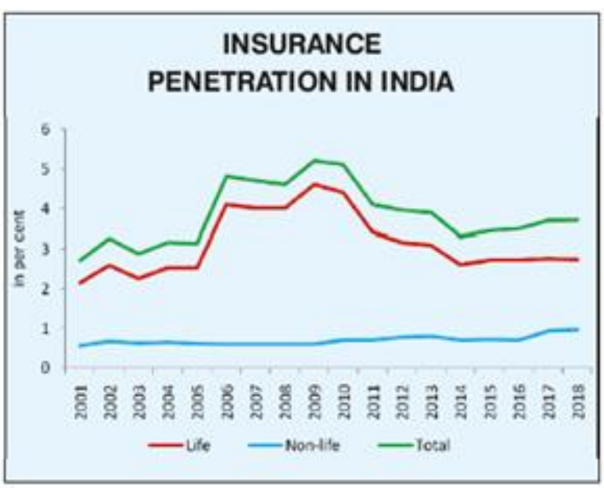
The future looks encouraging for the life insurance industry with several changes in regulatory framework which will prompt further change in the manner the industry conducts its business and participates with its customers. A snapshot reflected diagrammatically in (**Exhibit 7**).

The key segments which might probably contribute to the growth of Indian Life Insurance are increase in the middle class with growing awareness for the need of insurance and protection, young digital savvy insurable population and also the retirement planning amongst the mid-level demographics.

India Life Insurance Industry Penetration and Growth Trend

Exhibit 8 and Exhibit 9, reflects that there has been a steady increase in the insurance penetration rate in India, however there is an enormous scope for the growth as the penetration is far from reaching a double digit.

As of March - FYend 2019, in India, there were 70 insurers; of which 24 were LI, 27 were GI, 7 were stand alone health



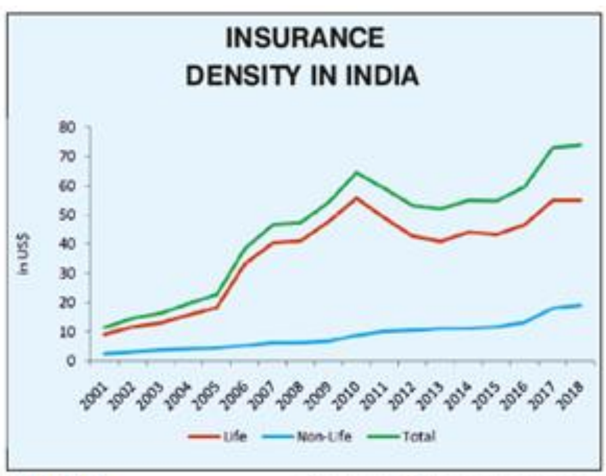


Exhibit 8

Courtesy: IRDA Annual Report

INSURANCE PENETRATION AND DENSITY IN INDIA						
Year	Life		Non Life		Industry	
	Density (USD)	Penetration (percentage	Density (USD)	Penetration (percentage)	Density (USD)	Penetration (percentage)
2001	9.10	2.15	2.40	0.56	11.50	2.71
2002	11.70	2.59	3.00	0.67	14.70	3.26
2003	12.90	2.26	3.50	0.62	16.40	2.88
2004	15.70	2.53	4.00	0.64	19.70	3.17
2005	18.30	2.53	4.40	0.61	22.70	3.14
2006	33.20	4.10	5.20	0.60	38.40	4.80
2007	40.40	4.00	6.20	0.60	46.60	4.70
2008	41.20	4.00	6.20	0.60	47.40	4.60
2009	47.70	4.60	6.70	0.60	54.30	5.20
2010	55.70	4.40	8.70	0.71	64.40	5.10
2011	49.00	3.40	10.00	0.70	59.00	4.10
2012	42.70	3.17	10.50	0.78	53.20	3.96
2013	41.00	3.10	11.00	0.80	52.00	3.90
2014	44.00	2.60	11.00	0.70	55.00	3.30
2015	43.20	2.72	11.50	0.72	54.70	3.44
2016	46.50	2.72	13.20	0.77	59.70	3.49
2017	55.00	2.76	18.00	0.93	73.00	3.69
2018	55.00	2.74	19.00	0.97	74.00	3.70

Note: *1. Insurance density is measured as ratio of premium (in USD) to total population.*
2. Insurance penetration is measured as ratio of premium (in USD) to GDP (in USD).
Source: *Swiss Re, Sigma, Various Issues.*

Exhibit 9

insurers and 12 are re-insurers including foreign reinsurers branches and Lloyd's India.

The IRDA analysis shows that the individual agents contributes for a major chunk of the retail business followed by bank and third party distribution. **(Exhibit 10)**

In the past 2 years, although less but Web aggregators and Direct online sales

SHARE OF VARIOUS CHANNELS OF DISTRIBUTION IN NUMBER OF POLICIES ISSUED AND AMOUNT OF PREMIUM COLLECTED DURING FY 2018-19								
Name of the Channel	Govt Business		Group Business excl. Govt Business		Individual Business		Total (Individual + Group)	
	No. of policies Issued	Gross Premium	No. of policies Issued	Gross Premium	No. of policies Issued	Gross Premium	No. of policies Issued	No. of policies Issued
Brokers	0%	0%	5%	43%	3%	4%	3%	22%
Corporate Agent - Banks	0%	0%	38%	10%	5%	3%	6%	6%
Corporate Agent- Other than Banks	0%	0%	24%	4%	11%	8%	12%	5%
Direct Sale - Online	2%	0%	1%	0%	2%	2%	2%	1%
Direct Sale - Other| than Online	98%	100%	25%	38%	24%	8%	24%	34%
Individual Agents	0%	0%	6%	5%	54%	73%	51%	31%
Micro-insurance Agents	0.000%	0.000%	0.580%	0.069%	0.000%	0.001%	0.031%	0.034%
Web- aggregators	0.000%	0.000%	0.046%	0.034%	1.363%	1.636%	1.293%	0.655%
Insurance Marketing Firms	0.000%	0.000%	0.002%	0.005%	0.022%	0.034%	0.021%	0.016%
Point of Sales	0.000%	0.000%	0.009%	0.006%	0.136%	0.133%	0.129%	0.055%
Common Service Centres	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total of all channels	100%	100%	100%	100%	100%	100%	100%	100%

Exhibit 10

Courtesy: IRDA Annual Report 2019

have also become noticeable (a total around 3% of the portfolio)

With the new norm of the Covid scenario, it is expected that digital players will increase many folds.

The questions to be addressed for coming days would be:

1. What changes in the business models would they have to implement?
2. How would an insurer develop their models and systems?
3. What would be long term benefits from these developments?
4. Are these models would be self-sustaining?

To address these, let us have a look at the holistic distribution model of a typical insurance firm.

Life Insurance Distribution Model – Holistic View

There is broadly two well-accepted distribution model in life insurance – Bancassurance and Agency. Bancassurance is the model where a life insurer promotes, positions, and sale their products with collaboration with a bank (Exhibit 11) The arrangement can be several like a JV (Joint venture), Corporate Agency, General Agency, or via Third party. This is a typical model where a bank/insurance employee approaches the bank customer for a sale.

Agency is the other widely accepted model, where a mediator is recruited on a commission or reward basis who will promote and sell the insurance product to their customer. There are various models in Agency in the industry like APC / BA model, Direct Agency, Mentorship Channel, Venue

Marketing, Composite Agency.(APC= Agency Partner Channel, BA = Business Associate)

A prominent subcategory of mediators is the Corporate Agents and the Brokers. Unlike a typical agent who can sell insurance for only one company they are associated with, a Corporate Agent can sell life insurance up to and of 3 companies whereas a broker can sell for any of the companies they are associated with.

These are the typical offline and the traditional models in the industry where the buyer and the sellers prefer face to face interaction.

Pre covid the offline model was of prime importance. There has been a steady and slow migration from offline to online models. With the onset of the lockdown and Covid, the organizations are resorting more to the contactless ways of encouraging business. Over the past 6 months, there has been a significant jump in the digital modes of business. The organizations are strengthening a customer-centric approach, for which they are ramping up their digital platforms and training the frontline sales team on the digital adaptation.

The offline channel is migrating to a pseudo online assisted sales channel. The insurers are trying to increase the touchpoints further by systematic and designed mailers/ texts and web advertising in social media. AI application has also increased significantly in the service provider level. For example, an AI machine fetches the data of a customer from different social media and analyse it to understand the behaviour, purchase, and spending pattern of the customer. Further, AI can simulate and predict the family size/ members of the customer. Accordingly targeted web teasers and product advertisements can be flashed once the customer logs in to the social media.

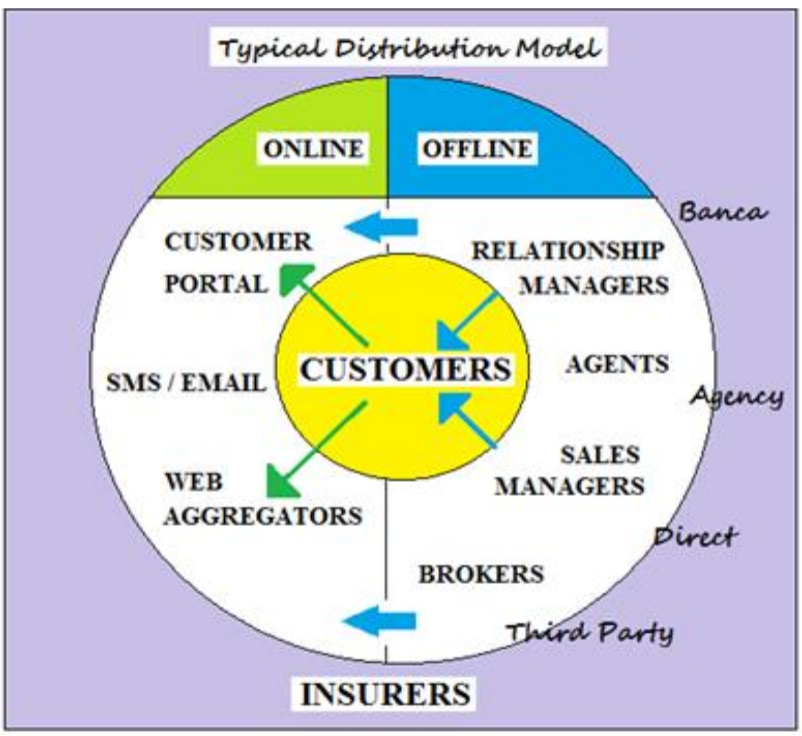


Exhibit 11

Over the years the customer has also become tech-savvy and explores various options. One such portal commonly used was based on web aggregators.

The objective of an Insurance Web Aggregator is to sustain a website for providing an interface to the insurance prospects for price comparison and information of products of different insurers and other related matters. This initiative was taken to increase the insurance penetration trough e-commerce and contribute to the Government of India's Digital India initiative.

IRDAI (Insurance Web Aggregators) Regulations, 2017 notified on 13 April 2017 intending to supervise and monitor the Insurance Web Aggregators. At present, the number of certified Insurance Web Aggregator is 27. A customer majorly used this to compare product options of various organizations and find the right fit for them.

In recent times, the offline brokers and corporate agents are also investing on the online integration process. They are revamping their individual portal, integrating with the partnered insurer and that accessing their individual clients via various contactless mode.

Changing Customer Mind-Set

With the onset of the COVID -19, people are careful of their well-being, safety, and protection for their near and dear ones. The industry has also seen a spike in the protection plans – both health and term insurance.

Because of the strict social distancing measure imposed by the government, there has been a considerable increase in the online time spent by an individual.

A report on the BCG analysis also suggested that there is a significant increase in Digital Media usage across the people and that reflects in an increase in the Digital Purchase and Digital Payments. **(Exhibit 12)** with consumers digitally and grow. This condition may also create branding opportunities to build brand trust during the difficult days of COVID-19 through actions perceived as supporting or activating growth in local brands, in

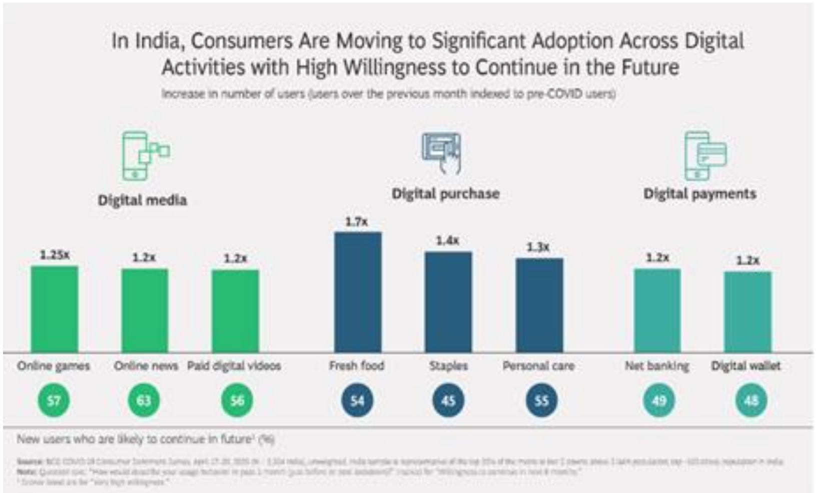


Exhibit 12

A survey report by BCG further inferred that like the SARS epidemic, the COVID-19 pandemic has accelerated the use of digital and e-commerce options across the Asia-Pacific set of countries and are opening up new opportunities for companies to engage light of a potential surge in patriotism. Despite the fact that COVID-19 keeps on applying a critical drag on numerous organizations' main concern, the possibility of chance out of difficulty is genuine. The challenge is to activate it. **(Exhibit 13)**

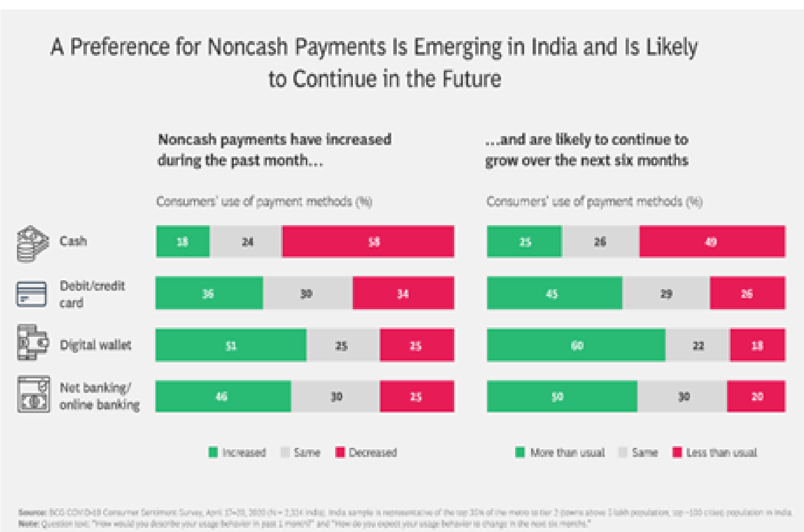


Exhibit 13

The Amalgamation of Business Models and Digital Process

Embracing the new norm of COVID -19, an insurer must enable a strategy to reach out to the customer for an easy end to end journey right from the first touchpoint to the after-sales service.

In this digital age, the insurers must understand the fact that the customers are demanding simple terms, transparency, easy-to-understand benefits, and increased automation.

Although there might be initiatives taken by insurance organizations, the IT department should not work in silos rather proactively look for an inclusive strategy that will cut across the departments as a standardized platform. Integration must be done or developed based on the foundation of this standard platform. This would not only address the needs of the end-users but also increase the efficiency, TAT, and reduce the cost due to redundancy.

A few common measures that projected to enhance the business for the organization during the lockdown times were:

1. Revamping the customer journey experience by adapting to the need for a fast and contactless journey.
2. Realigning the operations and the underwriting team as per the need of the customer.
3. Actuary and Product team to work on new products that can cater to online models.
4. Business Excellence team to develop and analyse the customer propensity models, PASA leads.

Exhibit 14

5. Training should be doubled up for the training of the distributors, intermediaries, and frontline managers,
6. The call centre team must be retrained on behavioural aspects like empathy and support for the customer.
7. The IT team must be well equipped to handle any issue faced in a short time.

In the holistic business model mentioned earlier, whether a front line in on role or acting as an intermediary everyone must embrace the new norm of digitalization. Irrespective of the channels in an organization, the goal remains common to support their customer with a wow experience. A swift throughput process with the help of digital can help to achieve that.

The digital team must be equipped from an IT integration perspective:

1. To analyses and cull out data from the propensity model.
2. Develop a platform and support the web aggregator model (Q2P, D2C model)
3. Online integration for brokers / Corporate Agents (API development, policy redirection, etc.)
4. Agency and Customer portal support for training and selling purposes.
5. SMS / Mailer burst for the customers for cross-selling, insta-selling, or PASA products.

The more the ease of a customer to understand and purchase a product, the more would be the brand value and growth of the organization and its stakeholders in a long run.

A Digital Initiative by the IRDA

Insurers and agents can now do video KYC to on-board new clients IRDAI has done away with the requirement of doing in-person verification physically. In order to encourage this further, IRDAI has relaxed KYC norms in all the insurance segments. With this, agents are no longer required to do physical in-person verification (IPV) of their customers.

Now, one can simply ask your policyholders to undergo a video-based identification process (VBIP) through any insurance company and submit necessary documents like PAN card, address proof, and bank details verified by ‘Digilocker’.

The customer can store all legal reports like Aadhar Card, PAN Card, driving permit, and other such records in the Digilocker application dispatched by the Government of India. While the application recovers every single legal report, the clients can transfer it physically by clicking an image of records.

IRDAI has permitted insurance companies and approved authorities like agents, CAs, brokers, and insurance marketing firms (IMFs) showcasing firms to do video KYC of their clients. Video KYC can be done either online (real-time) or face-to-face IPV through video call for authentication.

The customers can upload their eAadhaar card copy as a valid address proof as it marks the first eight digits of their Aadhaar. However, for a valid KYC proof, an unmasked Aadhar is not considered. The customers can upload all the documents issued by Digilocker.

Subsequent to transferring these reports, clients need to begin ongoing video recording utilizing the front camera on their cell phone or the PC’s webcam and show the printed versions of the relative multitude of required archives

The insurance companies will have to track the live location of the prospect, timestamp, and other necessary details safely and securely. Some interesting arenas like Artificial Intelligence (AI) and face recognition advanced software has got importance, which ensures the credibility of the process and secrecy of the furnished information. Insurers will be held responsible for the due diligence of customers.

Agents and intermediaries can now just ask the customers to click on the confirmation link or validate their consent through OTP.

Strategy and Moving Ahead

It was found that 0.77% of life insurance was sold in the year FY 16 and that in the mature market the percentage is higher. The BCG-Google 2017 report also shows that there are an estimated 420 million internet users in India. So there is an enormous scope of reaching out to the prospective customers via online mode.

The **'Aha'** moment for a customer will come when the customer:

1. Will be satisfied with a product that matches their needs.
2. Can get a policy with a few clicks from phone/webpage
3. Secured payment gateway
4. After-sales customer support.

In the current scenario, the inevitability of digital is still not fully understood. Most organizations have reacted by creating a separate company within a company constructs focusing on digital while the whole continues as usual. Others have created a specialized role around digital and analytics. Most organizations struggle with collaborating and building alliances especially with InsurTech (FinTech companies focusing on Insurance)—driving mutual benefits. All these elements need to be brought together and tweaked frequently to drive true benefits.

Eventually, the digital world is about fundamentally changing how organizations react to the changes brought in by technology and work with customers to understand and work through these changes. It is important to understand that while it may see that often organizations are reacting to customer and technology changes; it is also true that organizations influence customer behaviour especially when new technology is introduced. As an example, usage of navigation and mapping tools has increased, since being introduced by technology companies, e.g., maps, crowdsourcing of traffic conditions, etc. Similarly, messaging applications., are new communication modes, where only non-digital equivalent can be passing notes in a classroom.

Insurers need to think of this digital journey as a partnership with their customers, distribution partners, InsurTech, and other players. While there is no right path, selecting an optimal route has to be in sync with the key strengths and capabilities of all plays. Finally, collaborating and openness to change have to start becoming embedded into the operating DNA. IJ

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Technology and New Normal in Insurance Post Covid-19

Abstract

The corona virus pandemic has brought unprecedented disruption to the insurance sector. It has prompted to rethink in the strategy to adapt innovative solutions to the business challenges beyond the traditional solutions. The COVID-19 is not only a health-related crisis with a potential of life or death implications, but it is more of a socio-economic crisis. The worldwide lockdown has resulted into the extraordinary situation for all the sectors of the economy including production and service industries.

The future of insurance industry will depend on how effectively the technology is utilized in fulfilling consumer expectations in the fast-changing environment.

Keywords

COVID-19, Pandemic, Insurance, WHO, Internet of Things, Artificial Intelligence, Technology, Digital Transformation.

Introduction

The year 2020 had begun with a new hope in our life. Globally advance technology was busy in finding the solutions for the challenges in business and economy. The focus of companies worldwide was towards improving the operations through the implementation of latest emerging technology. The insurance industry in India has been growing at a steady pace over the last

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decade both in life and non-life segment. The sports lovers were eagerly waiting for the Tokyo Olympics to happen in the mid-2020.

No one would have ever thought that the things will changed so rapidly within the first 3 months of new-year. The outbreak of COVID-19 has toppled the global aspirations and turned the game in reverse direction. By the time, everyone realized the impact of this deadly virus; it has embraced the entire world into its arms. The covid-19 pandemic has taken the lives of hundreds of thousands of people, disrupted economies and affected supply chain and business sectors across the world.

The timelines of WHO website show that on 31st December 2019, the WHO's office in China noticed a media statement by the Wuhan Municipal Health Commission on cases of 'viral pneumonia' in Wuhan, China. WHO declared the novel coronavirus outbreak a public health emergency of international concern on 30th January 2020. Now as per WHO data, the virus has affected 58.42 Million of people with 1.38 Million deaths all over the global till Nov 23, 2020. The vision of WHO states that, all people attain the highest possible level of health and its mission is to promote health, keep the world safe and serve the vulnerable. The effective vaccine is still under way for the rescue to us. No one has any immediate solution to over through this pandemic from human life.

The COVID-19 is not just a health crisis; it is more of a socio-economic crisis. The nationwide lockdowns, ban on international travel and social distancing have affected every individual and organization all over the world. The global economy is weakened sharply during 2020 resulting into a disruption in the global markets and value supply chains. According to the World Bank Report, it is projected that, the pandemic has resulted into the economic turmoil and the world economy will likely to be deepest since World War II.

Challenges and Opportunities ahead of Insurance Industry

In the past insurers have experienced natural catastrophes and the economic meltdowns but the global nature and scale of the covid-19 crisis is especially challenging for the insurers.

PwC's Covid-19 Pulse Survey shows that top three concerns in the wake of covid-19 crisis are reduced consumption, financial impact and reduced workforce productivity. Due to nationwide lockdown for a longer period, there is drastic reduction in demand in the market which resulted into the slowdown of business transactions. This has adversely affected the financial growth in all sectors. Moreover, the employee productivity has also severally affected due to sudden change in working environment as most of the employee works from home. Though, work-from-home has facilitated the employee to carry on his regular assignments, it still unable to fulfil the gap in overall productivity.

The nature of insurance industry is sought to protect a country's people, assets and businesses. The insurance business is always linked with the performance of other industries in a country. The growth of insurance business of a country goes hand-in-hand with the overall progress of economy. However, the lockdown in major cities in India has severally affected manufacturing and service industry which resulted into the sharp decline in GDP. So, unless the industry and economy bounce back it is difficult for the insurance industry to accelerate the momentum.

It is said that every adverse situation also brings the new opportunities. The insurance industry world over is also going through this global tragedy. There is no other way for the insurance sector, but to accept the challenges ahead of this pandemic and to adapt the new technology in its multiple lines of business in post COVID-19 era.

During the early period of pandemic, IRDA took various steps by giving relaxation in delayed payment of premium in the pandemic time. IRDA has also facilitated the insurers by extending the timelines for certain provision of the act and gave specific guidelines in handling the claims and other administrative matters. Moreover, IRDA initiated in formulating 'Corona Kavach Policy' the uniform health insurance product in Indian market. It has given a choice for the public to get the insurance cover which reduced their anxiety in the pandemic period. The pro-active steps taken by IRDA helped to a great extent to regulate the insurance industry in the uncertain period.

In this challenging time, the insurance companies have also taken multiple steps to stay relevant. Such as –

(a) Almost all insurers have successfully moved all their staff to work-from-home environment to keep all their services available for customers.

(b) Connected with the customers directly through digital channels to avoid direct physical contact at branch offices.

(c) The effective use of call centers to handle queries from the customers.

(d) Facilitating the customers to pay the premium online via digital payment methods.

(e) Some insurers have pro-actively support to their agents by releasing advance commission to help them financially in this uncertain period.

These are few immediate measures taken by the insurance companies as an alternative to face the challenges in view of social distancing and minimum personnel movement in order to contain the spread of corona virus.

Basically, for any business to progress, there are three basic objects involved: -

(a) How the productivity maintained or improved?

(b) How can customer service be more efficient and competitive?

(c) What technology needed to support the workplace operating model going forward?

This applies to insurance industry as well in post covid-19 environment. An effective use of technology can be of a great help for insurance industry to achieve these objects in changed scenario.

Audio / Video Technology

The insurance industry is an integral part of the 'service sector'. The basic demand of service sector is the personal contacts with the consumers to understand their needs, expectations and offer them efficient and effective services. In current scenario having physical distancing in place, it is not possible to have in-person interaction with the consumers. In this situation of social distancing, the audio-video technology can be wisely utilized. It can be used for basic activities of insurance company, such as –

(a) Company portal for issuance of online policies, acceptance of premium through debit / credit card and various mobile payment options.

(b) Agent portals for these functions for wide spread of reach.

(c) The online intimation of claim. Once the claim is intimated, in case of minor claims, the visit of surveyor may be avoided instead it can be replaced by video-based inspection of loss, interactive video talk for any query or clarification in the matter.

By adopting the existing digital technology, the insurer can improve the customer services effectively which leads to bonding of relationship between insurer and insured.

The insurance companies were implementing the use of digital technology in their operations even before the pandemic. However, the importance of it has been emphasized more in this pandemic time. The companies which are better prepared with the technology could able to survive in this uncertainty.

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Artificial Intelligence and Data Analytics

The advanced level of digital technology is implementation of AI and data analytics. It can increase the workplace efficiency and productivity with automated claims processing, faster underwriting and better fraud detection. Drone technology using AI can assist the damage analysis and pay claims faster.

In heavy floods in Japan recently and in catastrophic losses, the drone technology is often used effectively for disaster management by the government authorities for protecting lives of people. The footage of aerial view also shared with the insurance companies to analysis the losses. It is interesting to note that Japan tourism industry utilized Twitter data for increasing the tourism in Japan during covid-19 crisis.

The advanced analytics will help insurers develop effective strategies for policy management, fraud detection and personalized messaging in rapidly changing environment.

Internet of Things (IoT)

The IoT is a system of interrelated computing devices, mechanical and digital machines, objects, people that are provided with unique identifiers (UID) and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

The IoT helps people live and work smarter to control over their lives better. IoT provides businesses with a real-time look into their system performance of machines to supply chain and logistic operations.

The IoT offers several benefits to organizations. Such as –

- Monitor their overall business processes
- Improve the customer experience
- Save time and energy
- Enhance employee productivity
- Integrate and adapt business models
- Make better business decisions
- Generate more revenue

IoT is being a part of every industry, including healthcare, finance, retail and manufacturing. The insurance industry gains the benefits in its activities in customer services in fast settlement of claims to recover from the disruptions in post covid scenario.

A Road Ahead for Insurance Industry

The year 2020 will be earmarked as ‘Pandemic Year’ in future. This year has also accelerated the use of digital technology in insurance industry. The Audio/Video Technology, Artificial Intelligence, Data Analytics, IoT, Cloud Computing, Blockchain technology, Big Data, Drone technology etc. are the buzzword of today’s and future growth of the industry. We have discussed few of these in brief. COVID-19 has underscored the importance of advance digital technology down the road. In this transition period, there is a significant change in consumer expectations and behavior pattens. The physical distance between the service provider and the consumer does not matter in the age of digital payment mechanisms. However, bigger the use of smartphones and other network devices, there is a growing concern about the cybersecurity and the protection of personal data. The insurance companies will have to ensure the data security, privacy and continuity of operations. This will be a critical challenge for insurance industry to implement the robust measures in its various applications for safety of all stakeholders.

Moreover, there is a growing demand in the market for cybersecurity insurance for variety of cyber incidents including data breaches, business interruption and network damages. There is a big potential for Indian insurance industry for providing adequate cover against cybersecurity and cyber liability cover.

Conclusion

As quoted by Albert Einstein, “In the midst of every crisis, lies great opportunity.” The COVID-19 pandemic has accelerated the digital transformation of the insurance industry. The future of the post COVID-19 insurance sector lies in adopting the latest technology. The high level of customer service is critically important for insurance industry to remain relevant and important. The effective communication channels within the organization and also with all the stakeholders is the key for future growth.

We must learn lessons from the COVID-19 pandemic so we are better prepared for the next global crisis. This will be a historic year for our industry, and we have an important role to play. We can all play our part by working together, supporting each other, supporting our customers, and aiding their recovery and future protection in the new normal era.

It is said that, “Storms won’t last forever and the sun will always shine again.”

Together we will defeat the virus and create an even better future. IJ

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The New Digital Era in Insurance

Introduction

The Indian insurance landscape is rapidly changing. This should not come as a surprise as our country now boasts a billion-plus mobile phone subscribers, about half of this number being on-line as well, and an impressive number of social media users. India now has the distinction of ranking globally amongst the world's largest and fastest-developing digitally enabled consumer markets. The time is ripe for insurers to respond to technologically enabled individuals with evolving customer behaviour patterns and capture their mindshare.

Advanced technology is already an integral part of the financial sector in India, and the insurance sector is no exception to this trend. The ongoing Covid-19 pandemic has acted as a catalyst to accelerate this process. Some lessons can be drawn from the fact that organizations with better digital infrastructure which could support a remote workforce provided satisfactory touch-points digitally to anxious customers, during the pandemic. This has whetted the appetite of customers and made organizations more aware of the competitive edge that modern digital infrastructure provides.

Digital technologies like Predictive Analytics, the IOT (Internet of Things), AI (Artificial Intelligence), big data analytics, AR and VR (augmented and virtual reality), sharing economy, Cloud based transactions and Block Chain are now entering the insurance domain. Whilst some of these tools are already employed by some insurers, they will increasingly becoming more

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commonplace throughout the industry as they provide a vital competitive edge.

The Covid-19 Pandemic vis-à-vis Insurance

The novel COVID-19 pandemic has brought in disarray and is transforming our lives fast. It has brought permanent changes in how we work, communicate, shop and bring some connectivity into our lives. The digital experience is now very much a part of our lives.

As is expected, the pandemic has left its impact on the revenues and profits of insurance providers and heightened the expectations of their customers. There are also increased demands on their organizational technology infrastructure.

The most immediate and apparent impact has been a realization in the population at large in India, that health insurance coverage is essential to take care of potential Covid hospitalization expenses. As a result, the demand for health insurance has increased manifold. As per recent IRDAI (Insurance Regulatory Authority of India) statistics, the seven standalone health insurers alone have reported a 38.04% rise in premium income, in September, 2020. Two new Covid specific health policies mandated by the IRDAI, Corona Kavach and Corona Rakshak, are now being sold by all general and health insurers. Their main attraction is that they are short term policies and cover expenses of consumables, which are normally excluded by insurers.

Moreover, the new work-from-home culture developed as a result of the pandemic has also led to new types of cyber-crimes. Cyber-security breaches have multiplied, since the lock- down. Risks have multiplied as using broadband networks or personal laptops is fraught with danger as they are not as secure as office computers. They have brought home the pressing need for suitable organizational cyber security measures and consequent insurance protection. In fact, reports indicate that the Regulator, has set up a study-group to look into the various dimensions relevant to bringing out a standard Cyber Liability Policy.

Professionals such as photographers and film directors are already relying on drones for improved photography. Insurance for drones is still not at a very advanced stage. As their use expands, this trend will open up the scope for newer and better products for insurers to cover the liability risks of or possible damage to the drone during use.

The plight of the displaced migrants and those suffering from job losses have brought home the pressing need for immediate social security measures for the unorganized sector. An IRDAI Committee, in their concept paper, have recently suggested new micro-insurance guidelines for micro-insurance ventures with a reduced entry-level capital requirement of Rs. 20 crores (as against the existing Rs. 100 crores).

They have also recommended *"Use of end-to-end digital technology for transparency, accountability and monitoring will be an essential part of how microinsurance companies will do their business. A common IT platform for all microinsurance companies can be developed on the lines of the IT platform in place for mutual funds. This will not only reduce transaction costs but will also bring greater transparency and regulatory oversight."* Thus the use of a digital platform for such products has been stipulated. This appears to be the most desired and necessary step brought about by our Covid miseries.

Last and not the least, as has been already established by fraud management studies, a recessive economic scenario leads to fraudsters, becoming active in their efforts to make easy money. Hence, added vigilance and the usage of advanced technology, would be the need of the day, globally for insurers.

How Technology Can Harness These Trends

The demand for health insurance will also lead to a significant increase in the adoption of wearable devices, which are being resorted to by insurers. They will be a new point of overlap for the insurance providers and their customers, alike. Data derived from wearable devices can be a valuable input for insurers. This will undoubtedly assist them to underwrite, price and manage health claims better. Current trends also indicate that Indian customers will be more inclined in sharing their personal data, such as health, in return for value additions like discounts, etc. This is a trend that holds much potential for life and health insurers, alike.

Indian professionals such as doctors and businesses like hotels and manufacturers will leverage AR/VR devices for their operations, such as marketing, training and customer handling. Though it reduces the risk of error, injury or fatigue, on the other hand it holds potential risks such as cyber risks and professional liability risks. This would bring in new product opportunities for insurers.

There has been a trend of smart homes growing steadily, mainly in tier-1 cities. Personal home devices such as Alexa, closed-circuit cameras and the entry of telecom providers such as Bharti Airtel into connected home devices has led to increasing reliance on smart home automation by home builders. Home automation systems have added to security and comfort for a niche urban segment. The attendant benefits include reduced risks of theft/burglary, damage, leakage, etc. This will require modification of the existing home-insurance products and the need to cater to different insurance requirements, for such homes.

Leveraging Technology by New Business Channels

Current trends indicate that several established brands are now keen to bring their value chain into insurance aggregation. They could serve as new distribution channels for insurance providers. As they have a strong presence in the market, they are expected to do well. They also utilize various facets of technology and marketing which can transform the engagement with customers while delivering positive business results.

Lot of payments are routed digitally, through Paytm, an established digital payment provider. Paytm, has launched e-wallet insurance. They will refund money from the e- wallet due to theft or unauthorised access. All Paytm users with balance in their wallets would be automatically covered under this scheme at no additional cost and the lost money, upto a specified amount, would be refunded to their Paytm Wallets.

The retail aggregator Flipkart, has tied up with Bajaj Allianz to offer insurance to mobiles and other products, bought from its on-line shopping platform.

Cab aggregator Ola, a ride-sharing company, along with Acko General Insurance and ICICI Lombard General Insurance has launched, an innovative in-trip insurance cover of Rs 5 Lakhs for a premium of Re1-/,and upto Rs. 15/- only, for its users over across major cities across the country. The Ola App has to be used for this purpose. This has been enabled by an excellent technology platform that supports both policy issuance and claims management in real time.

Global trends demonstrate that Google, Facebook, Apple and Amazon have entered the health insurance sector. This has been possible as they have invested heavily in personal health monitoring devices and virtual care and have integrated these capabilities into health insurance offerings quite easily. It is only a matter of time before they also make their presence felt in the insurance domain in India.

Amazon India has recently launched auto insurance in India in partnership with a Bangaloru based startup Acko General Insurance via Amazon Pay.

Traditional institutions are also aggregating insurance for their customers. IRCTC (Indian Railway Catering and Tourism Corp) has introduced travel insurance, in partnership with Bharati Axa General Insurance, Bajaj Allianz General Insurance and Shriram General Insurance. Travel Insurance coverage is being provided by IRCTC, at 49 paise only, whilst booking tickets on the IRCTC site or through the mobile app.

The Emergence of New Age Insurance Providers

Technology driven insurance start-ups, with a different business model, are now giving a fresh new dimension to insurance. They have brought in digital disruption to the insurance domain, in the way they conduct insurance and respond to claims. Digital disruption is not a negative force, as the term may connote to many, but rather a transformation that is caused by emerging digital technologies and business models. Their innovative solutions are based on new technologies such as blockchain, AI, drones, IoT and others.

New-age insurers are part of a global trend of famous and successful bite-sized insurers such as Lemonade, in the United states and the Chinese company Zhong which is the world's largest bite sized insurer.

New-age Insure- Techs such as Toffee, Digit, Mobikwick and Acko are foremost in the field in India, with their customer-centric approach. Their products, which can also be categorized as sachet insurance, are small ticket, pocket-friendly products, attractive to millennials. Many established insurance providers have already partnered with these insure-techs to leverage these tech-enabled platforms for operational gains across the value chain.

Gurugram-based Toffee Insurance, an Insure-Tech startup, for example, is using innovative products for anti-dengue, backpacker coverage, cyclist insurance and international travel insurance. Their insurance partners include HDFC Ergo, Apollo Munich and Bajaj Alliance. In these difficult Covid-times, Toffee has responded with a first-of-its-kind product "The Toffee Plan". It covers health, life and household, all in a bundle, with bite-sized monthly payments, of as low as Rs. 600/- along with established insurance partners.

New Strategies for Growth

The rise of modern digital technologies also presents insurance providers with several methods to upgrade their operational effi¬ciency by addressing their cost and effectiveness challenges.

- **Digital customer interfaces.** Several customer interaction functions can be conducted through AI (Artificial Intelligence) based chatbots and voice/speech recognition algorithms. Chatbots are nothing but computer programmes designed to simulate conversation with human users, especially over the internet. As they answer customer queries, sell policies etc. round the clock, human intervention is minimized. These virtual assistants are already in use by Indian insurers. Bajaj Allianz has its own chatbot "Boing", which responds to customer queries on its website, Facebook and mobile App. ICICI Lombard's chatbot is 'MyRA'.
- **Robotic process automation (RPA).** Robotic Process Automation is the technology that allows users to configure computer software, to emulate and integrate the actions of a human interacting within digital systems, to execute a business process. It has multifarious uses. Several repetitive and manually intensive tasks like document verification, system entry and forms management can be automated through RPA. This then reduces manpower and shifts the focus to other demanding tasks.
- **Assistance for field employees.** Machine learning algorithms find natural patterns in data that generate insight and help one to make more accurate decisions and predictions in underwriting and claims. Their adoption will assist insurance providers to achieve better results in reduced turn-out-time.

  Insurers can also leverage the technologies of AR/VR (Augmented and virtual reality) for an enhanced visualisation of information. The typical claims settlement procedure involves inspection, furnishing of documents and proofs, and finally settlement. Fortunately, all these stages can be transformed with real-time analysis using AR technology. AR makes use of real-time digital content like audio, video, text, etc to enhance the real environment. Risk assessment, loss prevention and catastrophe claim assessment can become more realistic and unbiased.

  AR simulation is also a new marketing tool for insurers. It serves the two-fold purpose of educating customers as well as marketing

  PNB MetLife India has launched a VR-based customer service platform conVRse. In this application, customers can speak to a virtual assistant- Khushi in a 3D simulated room. It hosts a number of services like easy personalized access to information and service requests like account updation, claims, and feedback.

  Drone imagery has been utilized for crop insurance, but it is only a matter of time before it develops in other areas too.
- **Blockchain-based centralised processing.** Blockchain is a distributed ledger technology (DLT) that allows data to be stored globally on thousands of servers – while letting anyone on the network see everyone else's entries in near real-time. Distributed ledger technology has huge potential to enhance the industry's business model, through digital automation and cost cutting. News Reports indicate that IT services giant Cognizant, along with a consortium of Indian life insurers have developed a blockchain based solution to facilitate secure data sharing among life insurance companies. This is intended to assist insurers to reduce the risk of data breaches, fraud and money-laundering and augment better servicing through a reduced turn-around-time.
- **Digital Tools for fraud management.** A combination of technology, tools and approaches are required to combat fraud. Sometimes, simple digital solutions can be of great help. For example, in the PMFBY (Pradhan Mantri Fasal Bima Yojana) frauds have been curbed innovatively in the state of Maharashtra. Last year, the digitized land records of the state were integrated with the web portal of PMFBY. Thus falsification of land records, double insurance, etc and other fraudulent practices observed earlier at the time of claims, were subsequently curbed at the initial stage of insurance itself.

Evolved Customer Expectations

The digital age customer, be it rural or urban has higher expectations from their insurance providers, beyond just risk protection. Simpler products, more specific interface and even value-added services are now in demand. They will shape the insurance providers' products and the way insurance is conducted. The young digitally proficient millennials especially have become more demanding in their product and service choices. It is for discerning insurers, to tap into the big data extracted today from their custom¬ers' digital footprints to better understand their mind-sets and preferences and code effective strategies to respond.

Going Ahead

The proliferation of digital technologies and thinking, are reshaping the country's insurance ecosystem and the post-Covid time is bound to see a lot of dramatic change.

Insurers need to break out of existing stereotypes and incorporate new business and IT strategies intelligently that can withstand impending market changes. They have to go with the flow and innovate and stay agile in a world of flux. Consumer need, market shifts and new regulatory mandates will be the new parameters, reshaping the insurance eco-system. Investment in digi¬tal technology will prove to be a huge differentiator in competition, in the coming years.

Companies that have a shared-success mindset—and enable confluence of persons, process and technology —will create new opportunities for growth in a way that benefits all. It is to be hoped that we gradually move forward to a thriving, digitally enabled customer-friendly, insurance eco-system that will benefit all stakeholders. IJ

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Post Pandemic Business – The Key Challenges and Opportunities for Insurance in the "New Normal"

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Abstract

The devastating impact of the global pandemic on all business sectors in the year 2020 is now widely known. While some sectors were resilient enough, there are other sectors that have faced major business disruption. There has been an uptick in the sales of life insurance and health insurance policies during the pandemic. However, it cannot be denied that the insurance sector is reeling with higher loss ratios and claims from business interruption. This research effort attempts to delineate the events that unfolded during the pandemic and their repercussions on policymakers' decisions that affected the insurance industry. The challenges faced by insurance sector and the opportunities that they are presented with are highlighted. The way the marketing function has evolved during the pandemic has been identified along with the resultant effect on the insurance industry's strategic marketing efforts in the era of "new normal". Finally a road map is presented to address the digital path that insurers need to follow to trigger greater customer engagement.

Keywords

Insurance, Marketing, Value Creation, Pandemic, Business Interruption Losses.

Introduction

The Covid pandemic will remain unprecedented in our lives in terms of the stress, anxiety and uncertainty it has caused on an unsuspecting population. It has exposed the vulnerabilities of populations across the globe causing acute hardship to all – but the marginalized section has borne the maximum brunt of this catastrophe with their livelihoods snatched away all of a sudden. However, the pandemic that caused widespread panic and pain across the globe has also taught us important lessons – for instance – the way consumers enjoyed the freedom before the pandemic made an unexpected (& unwelcome) intrusion in our lives and how consumers often took the freedom for granted before the pandemic hit towns with a vengeance. Marketing has been upended due to the pandemic that has caused misery all around.

Closure of manufacturing plants, restaurants, retail establishments and other businesses to contain the spread of Covid 19 pandemic has led to business interruption losses. Many businesses have not acquired coverage for business interruption. Governments are exploring ways and means to protect SMEs from business interruption losses which may not have been insured.

The repercussions of the pandemic and the tremors it created have affected many businesses across the globe. On the positive side, the pandemic spawned entrepreneurial activity. Manufacturers of masks, face shields, sanitizers had a field day with a constant stream of demand. E-commerce got a major uplift during the pandemic as mobility of the population became a humongous challenge and home delivery was the only option.

For some businesses, the pandemic provided an excellent opportunity to grow their business. For the insurance sector, it has been a mixed bag with both challenges and opportunities. The need to expand their digital footprint has been acutely felt notwithstanding associated challenges like shrinkage of office workforce, rise in cyber-crimes and the prospect of increase in fraudulent claims.

Business Interruption During Pandemic

There are some insurance products that offer explicit coverage for business interruption losses due to outbreak of an infectious disease either as a stand-alone policy or as an endorsement to a policyholder's existing business interruption coverage. As on August 2020, over 1000 Covid related insurance coverage lawsuits have been filed in the USA. It is likely that judicial interpretations of key issues will be different with hardly any potential for consolidation of proceedings.

While some nations advised insurers to retroactively expand coverage, the International Association of Insurance Supervisors issued a statement in May 2020 cautioning against policymakers taking such a step. The Association felt that such initiatives could threaten policyholder protection and financial stability. Similar concerns were expressed in US and France highlighting solvency risks and macro prudential risks to the insurance sector if such proposals were accepted.

Mandated payouts for business interruption losses due to the pandemic would affect the ability of insurers to respond to losses from future events. The US has recommended a legislative proposal to establish a federal pandemic risk reinsurance programme. France, UK, Germany and Switzerland have set up working groups to provide insurance solutions for future pandemics.

A hard insurance market is one where there is a high demand for insurance coverage but where the supply is reduced. In the US, the market for higher education insurance has proved to be a hard one with rise in premiums. Some colleges have sought cybersecurity insurance to protect against online attacks. In May 2020, the US introduced Pandemic Risk Insurance Act mandating that business interruption insurance policies cover losses in the event of a pandemic outbreak. A Pandemic Risk Reinsurance Program within the U.S. Treasury Department would divide the responsibility for paying out covered claims between participating private insurers and the federal government.

Within a few days of the pandemic hitting the globe, insurers had to rely on remote operations. They had to field calls about changing coverage and answer questions about business interruption policy even as they had to pay claims for life, health and disability insurance. Repudiation of claims pertaining to business interruption losses by insurers also attracted negative publicity.

Actions Across the Globe

Country	Actions during the pandemic
UK	Financial Conduct Authority (FCA) has sought clarity from the courts on some specific areas of potential coverage disputes. In August 2020, the FCA has set out expectations about how insurers should consider government financial support to policyholders with valid business interruption claims
Switzerland	The Ombudsman of Private Insurance sought legal opinion about pandemic exclusions in Swiss property insurance policies.
South Africa	The Financial Sector Conduct Authority identified business interruption policies that could include coverage so that all insurers can interpret the wordings in a similar fashion.
Ireland	The Central Bank of Ireland has established a COVID-19 and Business Interruption Insurance Supervisory Framework.
United States	Introduction of a legislative proposal allowing insurers to voluntarily make payments (reimbursed by government) for business interruption losses under policies.
Australia	The Insurance Council of Australia (non-life insurance industry association) has attempted an interpretation of how to apply infectious disease exclusions to business interruption policies.

Marketing Before Covid

Traditional forms of marketing co-existed with digital marketing; marketers felt a greater need for integration of offline and online channels; Digital marketing tools and techniques started invading the marketing ecosystem. A combination of pull and push strategies was needed to reach out to the customers.

Customers had a wide range of payment options. Delivery of products and services was never a challenge if the supply chain management infrastructure was in place. Customers had a plethora of options to shop from – electronic retail, mom and pop stores, hypermarkets, supermarkets, big box stores etc.

Digital marketing tools like SEO, PPC, Email marketing, Social media marketing, blogging, online reputation management, link building, content seeding, landing pages demonstrated the massive impact of technological advances on marketing. Still, there was an acute need for greater consumer engagement.

After Covid

Business models must embrace digital channels to reach out to consumers. Content marketing was the king before Covid and it continues to be the king even now. However, there is a catch now. In-the-face marketing is passé. Today, content must be sensitive and espouse human values like courage, fearlessness, hope, optimism, etc. Every brand needs a powerful storytelling concept but today this effort must be laced with a higher degree of social responsibility.

The social message must take precedence over marketing of the brand. References to the brand need to be oblique. Today, a message about the triumph of the human spirit is what will position a brand better in the minds of customers. Move over market share – mind share is gaining greater prominence now.

At no time has brand personification assumed as much significance as it has now. Today, the values that a brand stands for are crucial for its sustainability and competitive advantage.

The power of the human mind to win against all obstacles is the most trending message now.

There is going to be a long-term psychological shift in the way we will be doing things in the future. Brand communication must focus on safety, trust, hygiene and health. Only an empathetic approach can help businesses connect with customers on a deeper level. Now is the time for companies to stand apart from the crowd and eschew opportunistic advertising strategies.

Human beings love to hold onto faith when things go wrong and brands should attempt to capture this. The brand image must be reinforced by an organization's efforts in delivering their CSR agenda. Brands must exude positivity, resilience and hope. It is essential to visualize the new normal.

Marketing experts advertise against companies curtailing their advertising budgets. Yes, there is scope for ring fencing the budget but communication with customers must be in real time. Advertising copy, visuals and imagery should empathise with the customer's perspective. Customers, who are in a state of anxiety, need reassurance, a few kind words and a feeling of hope against fervent hopelessness. The tone and tenor of advertising copy must be in sync with the harsh times that we live in.

After Americans were asked to stay at home, Nike gave a powerful but simple message –

"If you ever dreamed of playing for millions around the world, now is your chance. Play inside, Play for the world".

This is the time when businesses have to thank their employees who have been with them through thick and thin. Companies must start planning their strategies when the covid nightmare gets over and normalcy returns.

Post Covid marketing is all about greater levels of customer engagement in subtler ways, brand building and relationship management. The right messaging at the right time and right conversations around the crisis/ brand will reinforce brand equity.

These are the developments that will shape the future of the insurance sector.

Change in Customer Sentiment

The pandemic has witnessed customers switching insurance providers at a higher rate. Customers have also been searching for cheap online insurance. Use of digital channels for purchasing insurance covers has been on the rise.

The pandemic has shifted consumer focus with speed and magnitude. Policyholders are now keen to understand their coverage and address the scope of coverage. There have been highest levels of consumer search traffic on Google for life insurance. Conversion rates are higher with the marketing funnel opening up. In the West, demand has spiked for property and casualty insurance along with that for disability insurance.

Delay in purchasing decisions for car or a smartphone led to reduction in insurance sales. Travel insurance sales dipped as people postponed their plans for vacations during the pandemic.

Younger consumers are driving new insurance sales. Since the outbreak of the pandemic, health and life insurance policies have witnessed a greater uptick in sales. Price consciousness of consumers is at an all-time high. Millennials are looking at convenient and simple tech solutions. Opportunities for cross-selling are also on the rise.

The Indian market witnessed an increase in health insurance sales to the tune of 30-40%. The insurance industry also witnessed a dramatic shift to digitalization.

Customer mindset has changed. The significance of protective investments like health and life security has dawned on customers. There is a brighter chance of health insurance products becoming a pull purchase instead of a push purchase. The high degree of customer dissonance during payment of claims has resulted in negative sentiment towards insurance options.

Complicated product features, risk mitigation clauses and multiple product variants can dissuade consumers from buying insurance covers. There is a need for user friendly digital insurance products. The policy documentation has to be simplified. Terminologies must be easy to understand. The digital experience of consumers must be trustworthy.

Digital ecosystem for claims processing and policy management will enable better service to customers. A user-centric digital distribution channel will make it easy for customers to buy insurance online.

Challenges for Insurance businesses	Opportunities for Insurance businesses
Regain trust of consumers	Innovate new lines of businesses like Cyber insurance covers, job loss insurance. Riders can be added to health insurance covers. Introduction of a standard life insurance cover (like the one recently introduced by LIC called Jeevan Rakshak)
Deal with changing consumer behavior during pandemic [consumers cutting down on expenses due to reduced earning power – salary cuts/ delay in salary payments/ layoffs/ furloughing etc]	Extensive use of digital marketing techniques like SEO, Search Engine Marketing, Email marketing, Social Media marketing etc.
Accessing consumers who may not be able to avail insurance services remotely (Operational challenges)	Products centered on millennials' needs can be sold through digital channels
Providing extension of dates for policy renewals due to lockdowns	Strengthen brand image
Claims administration can be hampered due to remote working of employees ; shrinkage in workforce due to pandemic	Increase remote staff utilisation and engagement
Dealing with huge business interruption claims	
Dealing with a deluge of customer queries across multiple channels	
Dealing with fraudulent claims	
Need to adapt operational processes in a shorter time frame	

The tipping point is fast approaching the insurance sector (See Figure). There is a pressing need to prepare for the new normal, post pandemic. This new normal will demand an accelerated adoption of digital due to higher expectations from consumers. This is bound to create challenges for insurers in the long term.

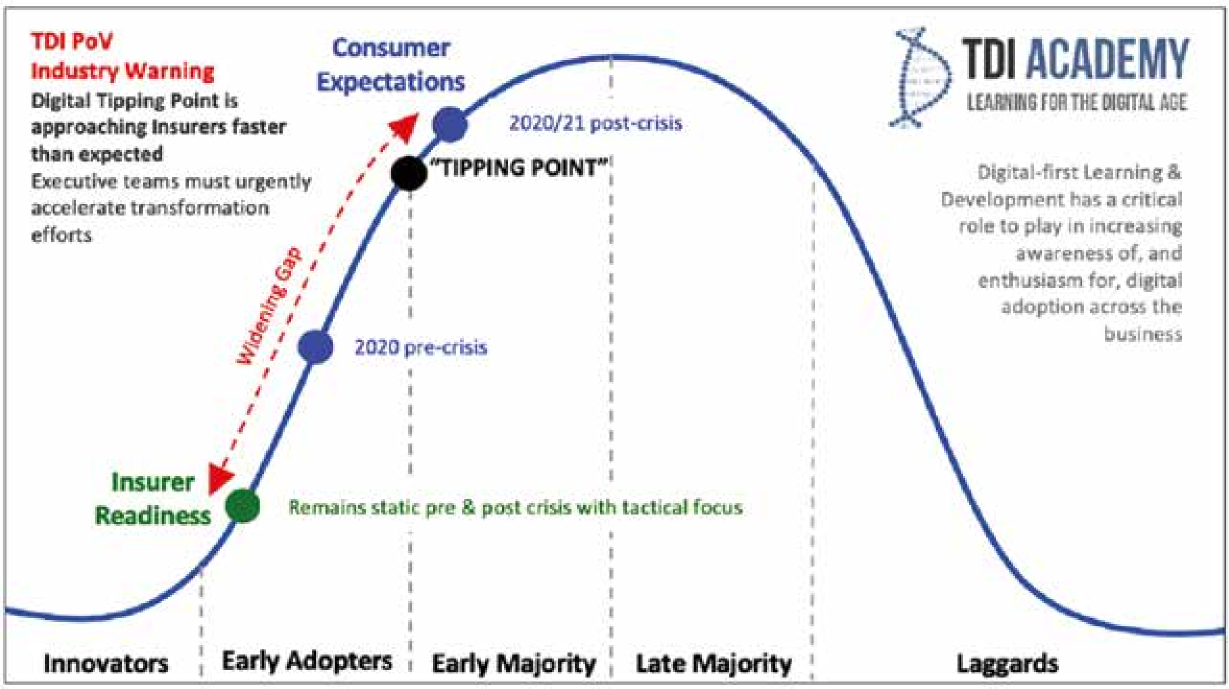
The agility that businesses have shown in adapting to the current medical and economic crisis needs to become the new normal. Employees need to be appraised of digital engagement efforts.

must increase their online share of voice and simplify the purchasing processes relying on direct-to-consumer models and providing digital tools for agents. Insurers can also launch cost optimization programs and reduce claim management costs.

Insurers must continue to invest in a digitally enabled business and must ensure that their businesses have connectivity to support more staff working from home. There may be a need to move more systems and

New workforce models combining remote and on-site employees will need to be worked out by insurers. Insurers must develop new business strategies and prioritize investments. They must understand what industry verticals and customer segments to target. The industry must develop products, services and pricing strategies for prioritized segments to drive revenue growth.

Servicing a contract is not necessarily the same as serving a customer. Value has to be created for customers to



Source: https://www.the-digital-insurer.com/tdi-point-of-view-on-digital-tipping-point/

Suggestions & Recommendations

Insurers need to tailor their offerings by designing products for specific customer segments. The products have to be simple and affordable with greater price transparency. Analytics should be deployed to enhance the demand forecasting ability of insurers. Artificial intelligence can be used to refine market segmentation strategies and improve conversion rate. Insurers

applications to the cloud. For example – actuarial modelling software can be put on cloud as there are enhanced security protocols in cloud services.

Insurers need to reassess their asset/ liability management strategies to balance yield with risk based capital requirements. Cost structures have to be assessed. Evaluation of the performance of business units, divisions and portfolios has become essential.

appropriate value from them. Meeting a need is a core element in the value creation process – but it may not be the same as creating value.

Greater focus is needed on qualitative measures of development – how the customers' needs and aspirations are met by the insurance industry. The regulatory thrust in recent years is on turnaround time for various processes, claims repudiations, grievance redressal and their escalations. Indian regulator

IRDA is responsible for both regulation and market development.

Insurance sector must focus on value co-creation. Pooling and mutuality gives insurance its identity. Need based selling approach was one wherein life insurance was scouting for needs where the life insurance product can be pitched as a solution. But today, in the era of technology and in the era of global catastrophic events like the pandemic, designing and offering solutions for needs and problems that customers face will make the insurance product more relevant. Mis-selling and wrongful market conduct by some insurance players and intermediaries has robbed the trust that customers had in insurance. It is very crucial to regain the trust and overcome the trust deficit.

Insurance value chain is made up of field force (distribution channels) whose job is to sell/ distribute policies and it is the job of the office staff to service these policies. Insurance will certainly have a market because there is a need for it and this is now acutely felt after the pandemic hit the globe. The biggest challenge in insurance marketing is how to create and deliver greater customer value.

The core functions of insurance must work in tandem with the support functions. Marketing, Sales, Underwriting & Front office, Policy administration, Premium collection and Claims settlement are the core functions of insurance. The support functions are – actuarial, investment cells, HR, IT, Legal and Compliance.

Value creation begins with marketing and product development. Marketing generates product ideas while the actuarial function converts them into a model of benefits and premiums. Insurance sector has been grappling with issues like – time to market, dealing with legacy systems, leveraging of multiple distribution channels and managing a diverse product range. Technology is now being deployed to improve efficiency of service and reduce costs.

Technology and mobile internet have led to a dramatic transformation in the lives of people across the globe. These tectonic shifts have led to structural changes in the economy and will act as a scalable lever to drive inclusion and equity for society. The insurance sector will continue to play a prominent role as one of the entities that will contribute to social and economic leveling pan India.

Conclusion

The need to insure against the risk of a pandemic was considered as a nonessential business expense. But now regulators are working with the Government to ensure that businesses are adequately supported.

The crisis has exposed a number of gaps and vulnerabilities in business operations. This has reinforced the need for additional investments by insurers in technology. The big question now is – How can insurers adapt their business strategies to accommodate a new way of working? The need to accelerate digital transformation is on top of the agenda now.

Incremental approach to technology adoption won't work. Investments in customer data analytics, integration of mobile apps, websites and call centers have become inevitable. Virtual interactions will open up new opportunities to sell and service insurance and build customer relationships leading to informed decisions, greater operational efficiency and better outcomes for insurers and policyholders.

Insurance sector must focus on value co-creation. Pooling and mutuality gives insurance its identity. Need based selling approach was one wherein life insurance was scouting for needs where the life insurance product can be pitched as a solution. But today, in the era of technology and in the era of global catastrophic events like the pandemic, designing and offering solutions for needs and problems that customers face will make the insurance product more relevant. Mis-selling and wrongful market conduct by some insurance players and intermediaries has robbed the trust that customers had in insurance. It is very crucial to regain the trust and overcome the trust deficit

Crisis often engenders new opportunities. The economic and operational challenges are providing insurance businesses, agents and brokers with an excellent opportunity to demonstrate the critical value that they bring to customers.

Today there is a greater need for the insurance sector to render correct advice to customers about insurance products. The products that are suggested to customers must be appropriate for their needs, must deliver value for money and be marketed in an ethical manner. The policies and procedures must be operationally resilient and must deal with challenges presented by the pandemic.

Insurers should analyze available data in conjunction with healthcare companies and medico legal experts to understand the estimated loss due to the pandemic. This can enable reduction of risk exposure in the future. Companies must invest in digital campaigns to make consumers aware of the pandemic and the insurance solutions available. Regulatory advice must be followed by insurers. Innovative riders/ add-ons based on single conditions can assuage customers during the time of a crisis such as this. New product approvals can be sought under the regulatory sand box concept. Integrated service offerings and introduction of block chain in motor insurance will lead to better policy administration.

To conclude, life after Covid will never be the same again. The demonic pandemic will certainly bite the dust – but it will leave behind lessons that mankind cannot so easily forget. Familial bonds have been reignited thanks to the forced stay-at-home predicament. Marketers need to keep this in mind – today marketing must be effortless and driven by a strong storytelling protocol to lure customers. Socially responsible marketing is what the future is all about. Businesses have to blend commerce with compassion.

Today, the entire ecosystem of marketing automation, personalization and analytics has to be combined to build curated consumer experiences. The challenge for insurance companies is to influence consumers to break away from the perception that they can purchase insurance when the need arises. To deal with customer sentiment, insurers must design policies aimed at both savings and protection. Considering that the pandemic is akin to a black swan event, consumers are willing to engage with insurers.

Today insurance industry is suffering from a large trust deficit. During this crisis situation, the industry has ample opportunities to do business but the industry must also work towards building trust. Like e-commerce, today the insurance sector is engaging with customers across all touch points. Insurance companies have to get their data architecture correct to strengthen new customer acquisition, improvement in conversion funnel, engagement strategies and analytics. IJ

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Adaptive Measures and Technology Implementation on the Way to Reach the New Normal in Indian Insurance Industry Post COVID-19

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Abstract

This article mainly focuses on the potential support of technology in addressing the impact of pandemic COVID-19 and reaching the new normal status at the earliest by the insurance industry in India. While adaptation to the post COVID-19 is the only way out, it behoves the insurance industry to be prepared for the new normalcy with the equipment of advanced computer technology, intelligence and knowledge database to mitigate the risk factors, harness the increased opportunities in various sectors and safeguard the interest of policyholders by sensitive pricing and beneficial virtual customer interaction.

Keywords

Adaptation, Post COVID-19, Technology Implementation, New Normal.

Introduction

COVID-19 (name given by World Health Organization to the disease caused by SARS-CoV-2, a novel coronavirus) in the recent time has shaken the world with its drastic and huge pandemic effects.

It is believed that COVID-19 first originated at the end of year 2019 in a wet market in Wuhan state, China and infected more than 53 million globally by mid November, 2020 (Worldometer, 15th November, 2020). The exponential rise of COVID-19 has forced nations, including India to impose large scale lockdown for a long while resulting in the daily lives and economic activity to almost a standstill.

COVID-19 has impacted every section of the human population whether it engaged in profit making or not. While the need of insurance in this context at an institutional or personal level is being felt at a scale never imagined or experienced before, the after effects of COVID-19 could pose a threat rendering the insurance entity into a weak and heavy building supported only by insufficient pillars of risk pooling by the policy holders.

While the functions of an insurance company in terms of providing reliability, protection, risk pooling and capital formation are at stake due to this calamity, the principles of insurance could become doubtful for ensuring the validity by both the parties. It is relevant in this context by the think tank of insurance industry in India to visualize what could be the "New Normal" and how would the "Technology" help the insurance industry post COVID-19 incidence.

New Normal

To quote from Wikipedia, "A new normal is a state to which an economy, society, etc. settles following a crisis, when this differs from the situation that prevailed prior to the start of the crisis".

While there is uncertainty as of now when the new normal would set in, the interpretation of new normal with respect to the insurance industry in a vast and diverse country like India could also vary from region to region and urban to rural backgrounds.

Technology

Technology plays a pivotal role in the functioning of the insurance industry. Technology implementation by the insurance industry can be explained basically as the sum of techniques, skills, methods, and processes used in the provision of services to the end user.

Implementation of technology in the insurance industry mainly could refer to advances in computer applications. However, other techniques, equipment and machinery associated with allied fields of business operation will need to be implemented by the insurance industry in the near future leading to new normalcy and ahead.

Technology Implementation
(Techniques, Skills, Methods & Processes)

The recent changes due to pandemic will reflect the working of every industry as prior to and post COVID-19. Particularly, the insurance industry, which is still in the process of exploring technological advancement, will see major acceleration.

Transformation from Physical to Virtual Interaction: Post COVID-19, the offline channels in insurance industry such as brokers, agents and other intermediaries will have to bridge the gap between insurer and customer with their constant interactions so as to serve the customer more efficiently by understanding their growing needs and suggesting better coverage and risk mitigation solutions. In the new scenario, the insurance industry has to provide all its services i.e., policy document, claim intimation and settlement through call centers or toll free centers and online portal on real time. Sales teams of the insurance companies also should pitch in using conference and data sharing tools.

Within the organization, insurers use technology for underwriting, policy documentation and claim settlement. Understanding the insurance products is difficult for the customers due to their complex design. Physical interaction becomes necessary to meet and explain the product details to the customer. But, now due to the pandemic and the need to maintain social distance, insurers and customers are obliged to have interactions through virtual mode. Even though this could be the most efficient way, it also has few hindrances like connectivity issues.

Post COVID-19, the insurance industry is compelled to embrace new technologies. Customers also need to adapt to the new scenario in terms of availing policy, claim settlement and other grievances through digital platforms.

Digitalization & Digital Customer Interface

Digitalization, the process of converting information into a digital format, has a key role to play in the insurance industry enabling its various stakeholders such as insurers, agents, surveyors, brokers and other intermediaries to ensure smooth functioning and hassle free services. On online platforms, the customers have to make sense of policy by themselves.

Post COVID-19, there has been a considerable shift towards digitalization due to the pandemic effect (Chirag

Buch, 11th June, 2020). Insurance companies and intermediaries though initially were skeptical about the efficiency in delivering services to customers through digital platforms, now have to get accustomed to the new normal. Quick response and avoidance of delay in customer interactions can be achieved by digitalization but the need for face to face interaction in some areas to gain trust may still be necessary considering the low penetration rate of insurance (about 3.7%) in the recent past during 2017-18 in India (IRDAI Committee Report, 2019).

Investment in New Age Technology

The human resources play a major role for smooth functioning of the insurance industry. When the lockdown was announced due to COVID-19, there was a panic situation amongst the employees on servicing their clients. At this juncture 'Insurtech' (which can be any technology introduced to insurers operations to save on costs or streamline processes) could become more relevant (Piyush Jha, 14th September, 2020). Post COVID-19, companies providing Insurtech solutions in India are well poised to contribute to the insurance industry by their analysis of the massive amount of data available and utilizing the resulting information on consumer behavior and expectations.

Adoption of software such as Application Programming Interface (API) driven microservices architecture and Robotic Process Automation (RPA) that assists the insurance employees in performing complex back-end tasks effectively also could be more prevalent post COVID-19, benefitting customer interactions and boosting data-harvesting capabilities.

Post COVID-19, due to rising demand for the insurance coverage through online and mobile applications, the insurers have to further ramp up their technologies in various ways for example 'chatbots' (computer programs designed to stimulate conversation with users, especially over the internet), artificial intelligence/ machine learning, 'Internet of Things' (IoT) and video conference calls (Anjali Malhotra, 5th May, 2020). Insurance companies and the intermediaries need to direct a good percentage of their capital towards technology to capture future prospects and retain the existing clientele.

Artificial Intelligence Assisted Technology

Post COVID-19, as an important complement of Insurtech, there would be growing demand for 'Drone Technology' in the insurance industry. In situations such as the pandemic now, drones can provide the interim service for inspection of the property or risk location before placement of policy and the like. According to GlobalData, a data and analytics company survey report (GlobalData, 18th May, 2020), 35% of firms in the insurance industry are keen on investing in drone technology to utilize in inspection of large areas of commercial property, casualty insurance including the agricultural space.

Cyber-Risk Management

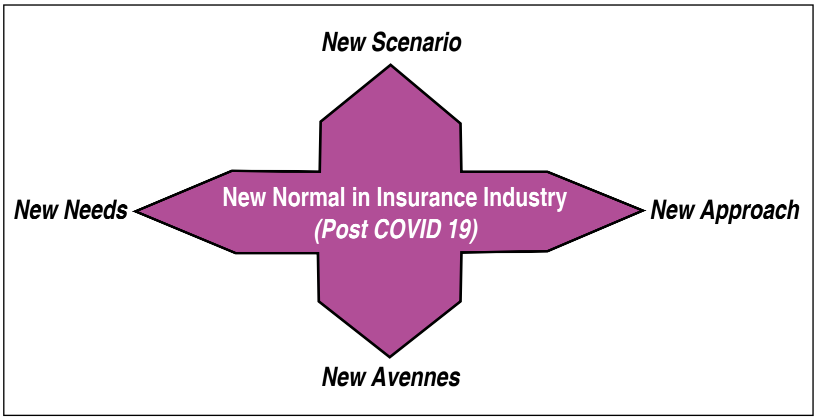
The pandemic enforced agile digital interactions could expose the insurer's internal data as well as the data of customers to cyber related risks. With the phishing and ransomware attacks happening at a higher rate, the insurance companies and intermediaries need to take precautionary measures to avoid interruptions of business flow and hacking of customer's data. Robust cyber security technology and adherence to security protocol are the need of hour so as to avoid any loopholes that hackers could exploit.

Government Initiatives

Government of India's recent 'Atma Nirbhar' (Self-Reliant) movement was initialized to encourage privatization, promote robust growth and to attract foreign investments (Ritu Arora, 10th September, 2020). Post COVID-19, this could help the insurance industry for its technology infusion and innovation activities.

The Insurance Regulatory and Development Authority (IRDAI) had set up a mechanism, Regulatory Sandbox (RS) in 2019, wherein financial technology firms can seek permission to experiment with innovative approaches for the growth of the insurance sector. Post-COVID, with these regulations in place, digital insurance companies could see a major hike in the online purchase of insurance policies especially comprehensive health insurance policies. In view of the COVID-19 outbreak, IRDAI has also issued a circular dated 30th March, 2020 stating that the insurers shall make special efforts to enable the policyholders to pay premium using digital methods by educating them through SMS, emails etc.

The following chart illustrates the predicted new normal in insurance industry post COVID-19



What's UP

Few examples mentioned below illustrate the risks and requirements associated with the insurance industry post COVID-19.

- ❖ **Institutions' Risks**
- \- **Liability**
- \- **Personal**
- \- **Property** (unexpected financial risks i.e., business interruption, legal & incremental costs)
- ● **Business Interruption:** After effects of abrupt halt of operations post COVID-19 for many months resulting in massive loss of revenue, credibility and plenty of incremental expenses (Heavy load on Business Interruption Insurance to ensure that the institutions activities do not stop because of the immense financial stress).
- ❖ **Burden on Insured** persons with more than doubling of policy premium amounts and its cascading effects; Policy premium payment in installment/loan facility
- ❖ **Long Term 'Work from Home' Effects** on workforce (Health & psychological issues of insured customers and insurer staff)
- ❖ **Travel Risks** to working people for outside activities in the immediate and uncertain future
- ❖ **Group Health Insurance Policy Requirements** for health/hospitalization needs of staff
- ❖ **New Insurance Requirements** for school children/college goers
- ❖ **Side Effects of COVID-19**
- ➢ **Vaccination insurance; vaccine failure/choice of best vaccine**

(By default, vaccination costs were not paid under medical insurance since they come under preventive health and are not part of the curative treatment. However, of late, vaccinations have been covered by few insurance companies in India for individuals and their children. Coverage for COVID-19 vaccine will be a new entry in this section)

- o Costly medicines for treatment and prevention of COVID-19 (anti-virals; bio-medicine)
- o Changes in dietary patterns, nutritional deficiency, hygiene habits

Focus Points

Following are few suggestions with regard to the new needs, approach and avenues to be considered on the way to the new normal post COVID-19.

- ❖ **Preemptive Strategy:** There is a need for the think tank in the insurance industry to coordinate with Health Specialists including Epidemiologists to study the predictive aspects, warnings to prepare for future calamities.
- ❖ **Precautionary or Proactive Steps:** What kind of measures the insurance industry in India can implement to monitor the non-compliance of insured customers to safety norms associated with COVID-19? Penalty points to be enforced on defaulting customers?
- ❖ **Insurance Intelligence** should focus on Insurance aspects for any unforeseen/future pandemic risks including biological warfare and bioterrorism.
- ❖ **Underwriting Specialists** may have to coordinate with clinical diagnostics & molecular biology specialists to deal with clinical aspects and interpretation of COVID-19 disease. For example,

1. Clinical Diagnostics - Wrong results, virus detection methods, limitations, issues; molecular diagnosis – rtPCR related aspects etc.
2. Re-infection with COVID-19; susceptibility to various region specific mutated strains
3. Any selective insurance possible based on blood group serology (higher risk associated with certain blood groups to COVID-19)

4. Insurance aspects for any potential carcinogenic effects of sanitizing chemicals or the failure of protective ware?

❖ ***New avenues for insurance industry in India***

1. Shrine Insurance: COVID-19 has affected the cash offerings of shrines. Insurance to cover the same as well as personal accident cover for pilgrims for any loss arising due to pandemic such as COVID-19

2. There is a possibility of COVID-19 affecting the poultry, fish, meat & veterinary industry.

❖ ***Reinforcement of Utmost Good Faith by Insured and Insurer***

- It is important that the insured disclose all relevant facts to the insurance company regarding their disease history and any infection with coronavirus (This could be a tricky factor considering the asymptomatic or mild symptoms in a large population in India).

❖ ***Strengthening of Customer Relations and Support Technology by the Insurer***

- Finally and most importantly, in the immediate future it is hoped that an effective technology will be in place wherein when a customer who is in need of information or would like to register a complaint for non-satisfactory or non-compliance issues makes a follow-up call, it should automatically be assigned to the executives with all details of the previous call. For example, introduction of digital apps (similar to Jeevan Praman) by the insurance companies to authenticate the insured information by linking to aadhar card which will ease claim processing and duplication of work. This way it helps in saving time and cost for both the insurer and insured.

Conclusion - The Road Ahead

"Change is the only constant in life" - Heraclitus, Greek philosopher

Adaptation to the COVID-19 resultant situation and its effects is the foremost and important requirement towards attaining the new normalcy at the earliest. As rightly said, the proverb "Where there is will, there is a way" as a statement of encouragement has to be instilled in the industry to act cautiously and with utmost good faith to win the client's trust. Exposure to cyber-risk will be a hurdle which the insurance industry needs to overcome with installation of robust security systems. Finally and importantly, the insurance industry needs to consider the customer's policy price sensitivity issue in the present and future times of unstable economic environment. It's a hope that insurers sure will not believe in their actions accordingly. IJ

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Abstract

The COVID-19 outbreak has disrupted the global economy at unprecedented levels in a short span of time. Though companies are trying to navigate through the crisis, they are not yet immune to financial, regulatory and legal aftershocks. As the world prepares to emerge from the acme of the novel coronavirus, insurance company's key focus is inclining towards what the business environment will appear as a result, what the changing circumstances mean for the organisation and how to come to light. The pandemic has bound all businesses to re-evaluate nearly every side of how they operate. Regardless 'new normal' transpires for employees—even if it encompasses continuing to interact digitally, work from home or utilizing emerging technologies to advance — it's crucial to make sure that people have the willingness and proficiency to embrace change.

Keywords

Pandemic, New Normal, COVID-19, Technology, Insurance Outlook.

Introduction

The COVID-19 pandemic endures to cause a deep impact on businesses, societies and economies across the world. As an insurance company, prompt imperatives have been employee support, customer and business continuity. The insurance business has broadly responded healthy, enabling work remotely and dealing immediate capital concerns. The pace of technological advancement has already produced remarkable demands for workforce upskilling, and post-crisis pressure will intensify that need. Today, as insurance companies learn to lead through the overnight crisis and economies begin to temporarily ease restrictions. One critical consideration which emerge is operational: how to build the industry for return to service in 'the new normal.' Even though it will be a hard challenge, it should be resolved in the foreseeable future. In numerous ways complicated thing insurance companies will require to do is ascertain what the mid to long lasting implications of the extremity are and how business should correspond strategically. Now, insurers aren't just only facing traditional insurance companies but they are competing with generality. This shift is laying serious pressure on insurers to change course about how they carry out business.

The Next Normal: Tomorrow's Operations Today

In recent times, the business outlook has experienced massive revamp thanks to technological innovation, shifting economic situations and enhanced customer expectations. This reality has placed increased pressure on businesses to redesign the services, products, organizations and boost performance. Insurance companies are facing the changing situations in which the pandemic is a deep-rooted disruption to the investors, customers, suppliers and employees. COVID-19 has only increased the urgency to sustainably reduce expenses and deliver business capabilities. The next normal of core technology will see insurers making the leap from traditional to modern IT that is on the frontier of technology and operations efficiency. Companies at the vanguard are able to deliver more business capabilities with the same amount of spending. These gains have already led several incumbents to invest the time, money, and resources in core technology transformations.

The transformation needed to reach the efficient frontier requires three bold actions: reimagining the role that the technology function plays with respect to other business functions, reinventing the manner in which the technology function delivers products and services to customers and internal users, and future-proofing the quality of the underlying technology systems that provide the organization with essential capabilities. The following are the unprecedented challenges which are likely to have an adverse impact on financial performance of the organizations:

1. Sustaining employee productivity, morale and engagement
2. Decline in new business revenues and renewal collection
3. Increase in claims outgo for health and death claims
4. Weakening investment returns and cost ratios

While the growth and profitability of insurers is under question, the immediate need is to address employee safety, business continuity and enterprise wide risk management concerns while maintaining communication with customers and investors. It is crucial to swiftly establish a top-down, ambitious resilience action across the phases, while capturing the complete spectrum of levers throughout the value chain. To balance and execute immediate plan with stretch to address difficulties, insurance companies can deploy resources arranged into three groups: a strategy workplace dedicated to return and resilience, a transformation place to embed, reform, and reimagine the change and a disruption base focused on stabilizing and resolving operations. As the COVID-19 condition is contained and a comprehensive start initiates at earnest, companies will be ready to move ahead with the digital transformation goal at a speed which comprehends them. Some companies may wish to test the digital boundaries before initiating a big change; few may be able, willing and ready to begin a broader transformation of the complete management. The majority will drop happy medium, and some who taste success might make their attempt in metrics like decreasing customer acquisition costs, improving loss ratios and enhancing customer retention and satisfaction.

It is a golden time for insurance companies to master from this extremity and unfold with a plausible business model.

Impact of Pandemic on Insurance Industry

"With the world battling the novel coronavirus pandemic, the impact has been felt on each and every sector and everyday life. Perhaps one of the biggest effects of this pandemic has been on the financial services industry and the insurance industry. The COVID-19 pandemic will spark the deepest recession since the 1930s, and forecast is that global gross domestic product (GDP) will contract by around 4% in 2020. This will lead to a slump in demand for insurance this year, more so for life (estimating that premiums volumes will shrink by 6%) than non-life (–0.1%) covers. Overall, however, expectations from the industry to ride out what will likely be a short-lived recession, and for premium growth to bounce back as the economy enters more protracted recovery. Also, commercial Property & Casualty lines as the main driver of the comeback. Region-wise, it will be the emerging markets, notably China.

In the here and now, estimate is that the COVID-19 crisis will put global premium (life and non-life) growth back by around 3 percentage points from the prerecession growth path. The company forecast that combined life and non-life direct premiums written will recover to above pre-pandemic levels over the course of 2021, a strong outcome given the severity of this year's recession. In relative terms, the declines in life and non-life premium growth in 2020 will be of similar magnitude to that seen during of the global financial crisis (GFC) in 2008-09, even though this year's GDP contraction will be much more severe. On the flipside, COVID-19 has hit at a time of rate hardening in non-life, and thus expect that trend to continue in commercial lines in particular, as capital becomes scarcer. This, and the expected bounce-back of insurance demand should support earnings over the longer term. Further, the experience of this year's health and economic crises will raise risk awareness, the effect being to boost demand across many lines of business, including for pandemic solutions (which in turn may require some form of government backstop given the non-diversifying nature of the risk). Also, reinforcement of digitalisation trends in personal and work life will stimulate accelerated development of new insurance products and services. Insurance markets were on a solid growth trajectory before the COVID-19 outbreak, with total global direct premiums written up near 3% in 2019 from the year before, supported by the non-life sector in advanced markets, and life and non-life insurance in China. Total industry premiums outpaced real GDP growth in more than 60% of all insurance markets worldwide. As of now, sigma includes accident & health (A&H) business written by health insurers in the US to align practices globally. With the revision, total premiums written in 2019 reached USD 6.3 trillion or 7.2% of global GDP, up from the pre-revision total of USD 5.4 trillion."-Sigma-4-2020

"As per the latest data, India's life insurance market is forecasted to grow at a compound annual growth rate (CAGR) of 5.3% during the forecast period 2019-2023. Premium from new business accounts for 42% of the life insurance market. As a result of lockdown, life insurers reported decline of 32.6% in new business premium in April 2020 against the same period last year" said GlobalData. According to the Insurance Regulatory Development Authority of India, "In April, new business premium declined 32.6% to ₹6,728 crore as against ₹9,928 crore for the same period of last year. In March, new business premium collection had declined 32% to ₹25,409 crore as compared to ₹37,459 crore in March 2019. 130 new insurance products have been launched since March 2020. Inquiries about health insurance policies have also gone northward by 30–40%."

The pandemic has given the chance to insurers to devise and please the emerging needs of a knowledgeable population.

Being Future Ready for Post Pandemic Revival

1. People, Process and Technology: Propelling digital operations

As physical contact becomes restricted, insurers will have to disrupt the current value chain and allow for higher integration, simplicity and convenience. There is need for companies to develop proactive outbound engagement plans that provide clear and consistent messages to substitute downsized call centre capacities for high volume of customer queries.

Way ahead

NOW

- ➪ Rethink a contact centre strategy and promote self-servicing
- ➪ Renegotiate supply chain contracts and service level agreements
- ➪ Curtail escalating claim costs by leveraging Artificial Intelligence/ Machine Learning
- ➪ Swiftly evaluate business capability limitations and negligible process- prioritize, re-process, automate, conclude or re-schedule

- Look after stakeholders: focus on mental and physical wellbeing, and check engagement and connectivity get through the fall of the experience of office

NEXT

- Evaluate the alternatives for third party reinforce to deal with off-shore central challenges
- Producing new products and sales experiences and protection service of products to meet urgent market requirements
- Improving digital channels to adjust to new approaches of buying of insurance products, and extent digital service for customers
- Avail cloud technology to efficiently advance infrastructure in addressing demand

BEYOND

- Improving the balance of external vs. internal providers by redesigning operating model, thus using AI to strengthen people capability, intensity of straight through process and automation
- Introducing Agile at scale across the business and IT function and, transform the change delivery model
- Assess the operating model and future impact of digital adoption, analyse and build new agile operating model
- Rework on operating model to new product suite which stem from this crisis

2. Agile Operating Model

The backbone of an organization should be modified for a flexible operating model.

Governance setup and Decision making: This process is simplified—for instance, a set of high-ended decision rights which demand to be made at the executive-committee level, while other things are pushed down to other departments of the organization.

Business Planning and Budgeting: The ways of making strategic decisions change exceptionally in agile, as business objectives demands to be disposed, regulate, and evaluated through convenient methods; budgeting then becomes a flexible way which looks to reallocate and reprioritize capital as required.

Funding decision making: These are made continuously and a constant evaluation of asset allocation can be completed via approaches similar to venture capital and based on quarterly business reviews.

Performance Management: It moves from improving indicators of respective key performance to assess performance appertaining to results achieved by workforce, or key results and objectives.

Career paths and roles: Agile roles require to be clarified initially to secure coverage of alignment and strategic priorities. It is also important to define the career path in an organization to support the evolution and to outlay how roles should validate the new model.

Risk Management and assurance: Done properly, this model can bolster control around prospect and ensure technical standard by eliminating layers, enhancing transparency and maintaining technical proficiency—especially crucial for insurance industry.

Workforce location and workspace: Team members will probably need to be on-site and will need a work space to facilitate agile methods of functioning and association with other departments.

3. Product and Distribution: Rethinking about the approach to enable virtual and contactless sales

The pandemic will lead to increased customer awareness on the need for adequate insurance, thereby fostering insurance companies to launch specific products and enhance the existing ones. The sector is likely to see product innovation replacing the conventional steady long-term coverages with short-term products. Pricing of existing coverages will also need to be reviewed in light of changing claims experience.

Aligning product propositions to customer needs and impact of external environment	
Refreshing the existing product construct	New product offerings
• Redesign existing offerings to accommodate pandemic cover	• Launch pointed solutions for Covid-19
• Review pricing of policies considering higher claims cost	• Minimize time to market to provide cover to the uninsured
• Re-price life and health products in line with claims experience and discount rates	• Enhance simplicity and transparency in all typed of insurance products with a view to enable virtual sales
• Increased demand for reinsurance covers impacting premiums	• Leverage regulatory sandbox to test and drive further innovation in this direction

Making the right product available to the customer is the play of effective distribution. Insurers have to upgrade their distribution strategies and renewal collection models to adapt to the changing environment.

Key enablers for digital distribution			
➪Increase focus on digital campaigns ➪Leverage virtual tools and chatbots to support prospecting	➪Focus on Unit Linked Insurance Plan customers as most of them are at risk for renewal ➪Re-alignment of Key performance Indicators to drive persistency	➪Explore variablization of payouts across hierarchy ➪Right sizing of field force and supplementing with the right skillsets	➪Shift towards virtual workforce from dominating agents, banks and broker channels

Distribution restructuring with a focus on increasing the digital sales skillset and capabilities could realign the focus of the company's large feet on street ensuring minimal disruption and optimizing costs. In commercial and specialty lines, the role of intermediary will continue to be crucial. Insurers will have to collaborate with and support the intermediaries to avoid any disruption in business sourcing.

4. Risk Management: Addressing the growing cyber and enterprise risk concerns

All insurers have responded to the risks to ensure clients are serviced in the hour of need and to comply with the directives of the Insurance Regulatory and Development Authority of India (IRDAI). However, with increasing dependence on technology, security challenges may be at the forefront. This is because this is the first time when so many employees from data intensive functions like investments, operations and call centres would have worked from home and for such long durations. Some examples of mitigating actions for identified areas of risk are as follows:

	Building a resilient framework to manage future risks		
Risks	Cyber risk: data security and privacy challenges will be at the forefront	Regulatory risk: non -compliance/ delays in reporting and financial disclosures	Investment Risk: depleting Assets under management and investment returns
Mitigants	➪Review information security policy and architecture ➪Consider the policy of bring your own device ➪Strengthen organisational security controls at asset and network level	➪Insurers should communicate probable lags to the regulator ➪Regulator should be consulted for required relief	➪Proactive management of asset categories ➪Deploy liquidity scores on assets

5. Capital Positioning: surviving the financial turbulence

The pandemic spread may cause the insurers across the world to face cash flow strains and adverse impact on their capital positions due to the poor investment returns, declining revenues and increasing claims outgo. The fall in the interest rates is also likely to impact the discount rate leading to higher reserves. The real impact will be visible in the next financial year and may range from mild to severe consequences, depending on the spread of the pandemic. To assess the impact of COVID-19 on their plans, chief financial officers of different organizations may want to consider the following scenarios:

	The impact of COVID-19 against variable scenarios		
Time Horizon	3-6 months (Short-term)	1 year (Mid-term)	>3 years (Long-term)
Risk	**LOW** ➩Mild and Optimistic ➩Minimal long-term effect ➩Temporary slowdown ➩Pandemic contained by government efforts	**MEDIUM** ➩Moderate ➩Adverse effect on growth and profitability ➩Economy slides down into recession	**HIGH** ➩Severe ➩Adverse impact on solvency and capital position ➩Premium de-growth ➩Reduced investment returns

6. The New Claims Organisation: Where insurers' customers and profitability meet

Multiple insurers who were long-standing had to compromise in administering their claims department. An insurance company could conventionally target on attaining operational efficiency or providing a rich customer experience, but one would invariably come at the cost of the other. Now insurance companies are progressively in a place to support "purpose-driven claims": a perspective to claims which provides both operational efficiency required to manage losses and cost and a phenomenal customer experience.

When and where can insurance companies take action?

Before Claims	During Claims	After Claims
Improved data and analytics will identify risks and drive actions to mitigate losses	Deeper insights throughout the claims process will create more efficient, accurate operations	Claims insights can improve recovery, underwriting, and product development

The fast-changing world needs new vision regarding insurance	Prevent Loss	Contain Losses	Reduce Fraud	Avoid Litigation

claims

- **Customer expectations** are changing fast and rising, pushed by online experiences of customers with retailers, banks and other businesses operating apart from insurance industry. Nowadays, customers look forward to flawless digital experiences along with products and services customised according to their requirements.
- **Market efficiencies** have altered. In various parts of the businesses, losses have surpassed premium growth for several years, also in certain lines of product, claims have increased more severely frequently. Consequently, insurance companies are withstanding the pressure to cut operational cost and become more structured.
- **Innovation and technology** are transforming the insurance world. Agile InsurTech companies and Technology giants are coming out with solutions to radically alter the perspective, from advanced analytics and modular infrastructure to automated operations and new data sources.

Survival of the Fittest: Planning Amidst Uncertainty

Insurance companies are facing the new realities in which the pandemic is a lasting disruption to the investors, customers, suppliers and employees. The severity, duration, and scope of the risk is, still, unmeasurable. Now with greater reason, insurance companies are concentrating on enduring the fundamentals of core technology, reviving technology delivery and re-examining role of technology. How can insurance companies gain from this extremity and transpire with a secure business model consequently? What mechanism needs to be established to counter these unusual challenges? What instruments do insurance companies have to tackle this adversity?

Insurers can adopt a phased approach to identify and address themes that are disrupting their existing business. There is a need for them to evolve long-term strategies with business models fostering virtual interactions across the value chain, a lean and agile technology architecture, and enterprise and cyber resilience. Insurers are likely to witness a surge in demand for insurance products due to increased customer awareness and they should revamp their operating models to leverage this opportunity.

NOW	NEXT	BEYOND
Manage the crisis	**Prepare for the "new normal"**	**Accelerate change**
How do insurance companies rightly assist policyholders in the course of struggle? How do insurance companies manage liquidity and solvency pressures? How does whole industry respond to government involvement and regulate coverage exclusions?	How do insurance companies recover growth plans and new business through innovative distribution channels and ground-breaking product design? What can insurance companies do to gain and manage opportunities in investment?	How can insurance companies use lessons from this extremity to build a more cost effective and flexible organization? To preserve purpose and trust of safe-guarding against future risks are digital offerings and products responding to behavioural change?

Conclusion

The full impact of the pandemic is yet to be assessed. However, the insurance sector will have to adapt to this disruption and change the future of business and working models. This crisis brings an opportunity for insurers to disrupt their value chain to enable virtual transactions and realign their operating model to build a lean and efficient structure. While the impact of Coronavirus on humans has been tragic, it is imperative for insurers to respond to the crisis and rise from global disruption. Having battled Business Continuity Planning, insurers can introduce transformational change to make the enterprises risk-resilient and future-ready. The pandemic may have pressured many insurers to expedite their actions, but it will definitely dwell on the point that the forthcoming of insurance is digital and inevitable. As people adapt to the changing situation and economies recover, insurers who don't welcome digital transformation hardly at all will put in danger their competitive spot in challenging world. There are various approaches of becoming a righteous digital insurance company, and multiple carriers can move ahead in the right way: forward. Of all extremities come possibilities for differentiation and competitive reinvention. Today's calculated backpedal provides a drive for expanding new business models, connecting genuinely with customers and advancing operational transformation. Central to all insurance company's desideratum is protecting trust and faith in the promise of insurance. After COVID-19, confidence and belief will need to be achieved worldwide more concentrated with greater reason on sustainability. IJ

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Job Loss Insurance Covers in India: Opportunities and Challenges

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Abstract

Frequent bouts of economic recession resulting from globalization have led to a situation where employees no longer enjoy perks like job security. Additionally, in 2020, the pandemic has resulted in massive lay-offs by businesses across the globe. Employees are also facing pay cuts. This has brought into sharp focus, the need for a job loss insurance cover for employees. The real value of an insurance cover is now being felt by a wider section of the population. The job loss cover is called as unemployment insurance in Western nations like US and Europe. This cover has certain eligibility criteria and also exclusions. This research effort is an attempt to understand the mechanism of job loss covers in various countries and compare the same with similar prevailing schemes in India. There is also a need to investigate the opportunities presented by such a cover along with the challenges. The paper presents a roadmap to address the challenges and leverage the opportunities.

Keywords

Job Loss Insurance Cover, Unemployment Insurance, Pandemic, Moral Hazard, Insurtech.

JEL Classification - J65, G18, G22

Introduction

Insurance sector is renowned for protection through crises and catastrophes. The protection gap in

India is huge. The scare of the pandemic has led to a situation where people are opting for not only health and life cover but also cover for lifestyle diseases. The demand for insurance is expected to grow in the future as penetration levels start soaring. Insurers and Insurtech firms are joining hands to provide end to end solutions. IRDAI has also been resorting to extraordinary measures and is pushing for digitization across the value chain. New age technologies promise to simplify insurance buying.

The COVID pandemic has had a devastating impact on economies across the globe. It has adversely affected the salaried class forcing people to think about savings, insurance covers and creation of an emergency reserve in the future. Insurers have begun offering job loss insurance covers with premium ranging from 3-5% of the coverage.

The pandemic has hit employed women in the US the hardest. Health insurance facilities are available to almost 50% of the population in the US – so if they lose a job, this means that they also lose facilities like a health insurance cover. So, they have to seek new insurance cover or face the risk of remaining uninsured.

In the US, sectors like retail, restaurant and education have been severely affected due to the pandemic and part-time women employees have also been laid off. Additionally, in other sectors, there have been wage cuts for both male and female employees. These instances have highlighted the connection between pandemic and health insurance.

A job loss insurance policy offers financial aid to the insured in case the latter (breadwinner of the family) loses his job. As insurance is an effective mechanism to deal with uncertainty and risks, the policyholder can receive a compensation for certain duration.

When people lose their job all of a sudden, they are caught unawares and then they struggle to pay their regular mortgage and credit card payments. This is where Job loss insurance comes handy by providing payment protection by making specific debt payments on behalf of the insured for a limited period of time. This insurance cover is a temporary reprieve so that insured can fulfill his debt obligations.

In the West, the job loss insurance is available as an add-on cover to a life insurance cover to meet obligations arising from personal loans, mortgages and credit card products. This insurance cover is intended for people with full time jobs. Unemployed, self-employed, retired persons and temporary workers are not covered. Neither are people who are employed in the gig economy eligible for this cover.

Let us understand all that is covered under the scope of job loss – this may include a lay-off, dismissal without cause, a unionized labor dispute, a legal strike or a lockout. People, who resign their job, get fired for a particular cause, stop working for medical reasons or family-related reasons are not eligible.

Insured must seek clarifications at the time of buying the insurance cover – will the insured be eligible to stake the claim if he receives severance pay. What to do in case there is no documentary proof? Will the claim be paid if the employer gives a notice before the termination as per the contract?

Proof of retrenchment is essential to stake the claim. The job loss policy claim can be triggered only if the termination is due to the conditions included in the policy. The documentation citing the reasons and circumstances of termination is important. It must be remembered that as of now, job loss insurance cover is limited by its narrow scope. Creation of a contingency fund in addition to job loss cover appears to be a sensible option.

Literature Review

Developed countries have had unemployment insurance cover for decades and these covers are mandated by the Government. It has been reported that unemployment insurance cover has an adverse impact on labor supply. The impact of such covers on labor markets in developing countries was examined (Doornik et al, 2018) considering Brazil as a sample. The findings suggested that there were ethical issues involved in the way organizations and workers colluded to benefit out of unemployment insurance cover. For example – firms lay off workers when the latter become eligible for benefits under unemployment insurance cover and rehire them when the benefits are exhausted. This is against the principle of indemnity. There are also cases where workers who were receiving unemployment insurance benefits were offered jobs at reduced salaries.

Recurrent economic recessions have renewed interest in unemployment insurance programs around the globe. On the academic front, there have been advances in both theory and measurement of unemployment insurance (Schmieder & Wachter, 2016).

Unemployment insurance market is the most important and complex component of the labor market. Development of such institutional mechanisms has led to the governments in developed countries managing the economic consequences of Covid-19 induced lockdown. This support was crucial during a temporary but a large scale decline in economic activity. Russia was not prepared with such a contingency plan (Denisova, 2020). Developed countries had employment subsidy programs with reduced working hours, short time work programs or partial unemployment benefits. Thus, Russia needs such an insurance cover once the pandemic comes to an end.

The pandemic has opened a window of opportunity for unemployment insurance schemes. Without such scheme, adaptation to shocks of different nature will be ineffective. If there were no unemployment insurance schemes, productivity losses would be high and job cuts would be low in obsolete sectors. This would impact the GDP growth. Unemployment insurance enables diversification of risks and increases GDP output. It also eliminates distortion in job creation. Such an insurance cover can increase the motivation of employees to scout for better paying jobs. An employer's focus on creating productive and highly paid jobs can result in a higher capital/ labour equilibrium (Denisova, 2020).

Unemployment insurance is generous in USA when unemployment is high. Labor market constraints are high during a boom and low during an economic slump. Increase in unemployment insurance cover can increase tightness in labor markets (Landais et al, 2018).

If an individual has knowledge about his future job loss, then how can this impact the unemployment insurance market? If an individual learns about a potential situation where there is a greater possibility of a job loss, this can lead to decrease in consumption. This is also a poses a risk of adverse selection for the insurer wherein the policyholder can buy a job loss cover at a cost that is below the true level of risk (Hendren, 2017).

The existence of a job loss insurance cover market will depend on whether the markup individuals are willing to pay for insurance exceeds the cost imposed by risks due to adverse selection.

Underwriters have to use private information for pricing job loss covers. Adverse selection can vary with the underwriting strategy of the insurer. For example, underwriters can study variables like industry category, job occupation category, wage rates and other demographic information apart from analysis of industry trends. The waiting period imposed on a job loss cover is essentially to mitigate the risk of adverse selection.

Job loss insurance cover has not been popular in the US. Pay Check Guardian sold such policies from 2008, but stopped selling in 2009 because it was felt that there was a greater level of information asymmetry between the insured and the insurer. The author (Hendren, 2017) has provided empirical evidence that job loss insurance will be subject to adverse selection risks making it difficult for insurer to make a profit. This, therefore, makes state intervention a necessity.

One of the solutions is that insurers could sell this cover only to low risk customers like those who have had long job tenures and are stable in their job. But even here the chance of any one employee (with a poor performance record) losing the job is high. Thus, inadequate access to private information is an impediment for the growth of a private market for job loss insurance cover.

Unemployment insurance systems are essentially primary-sector unemployment insurance. If workers who are displaced from a job start working again in the primary sector, they lose their unemployment benefits. If the insurer cannot keep track of insured's activities after he has been displaced, then they decide to offer only scheduled benefits – payments that are based on predicted losses than actual losses (Parsons, 2004)

Transitions from employment to unemployment reduce consumption expenditure and this is mainly because unemployed pay prices that are, on an average, 1.5% lower. Providing unemployment insurance has a social value. This value can be composed of two components – one that is based on price and the other that is based on consumption (Campos & Reggio, 2019)

Income Protection Insurance

Insurance is the best way to protect oneself from uncertainties and risks in life. The insured must opt for income protection benefits while choosing a policy depending on monthly expenditure. The monthly income benefits get triggered only in the event of death or permanent disability. Income protection benefit would be available only for a short period for temporary disability. An income protection policy will help insured to continue to pay his loan equated monthly instalments (EMIs) at least for a few months. Salaried individuals who are terminated from employment due to illness are also covered under these policies. The cover is not available if an individual resigns from the job or retires or if he is dismissed from service due to poor performance.

This is where the income protection insurance cover differs from job loss covers.

In UK, income protection insurance policies pay a percentage of income – usually 50-70%. The salary is divided into two portions – insurers may pay a higher percentage of a portion of the salary and a lower percentage on the 2nd portion. The insured has to decide the level of income protection depending on his earnings and the monthly expenses. It needs to be remembered that income protection cover is not to elevate a person's financial status but to enable the person to tide over the difficult period during which he remains unemployed. Therefore, insurers pay only a percentage of income. The payouts cannot be considered a substitute for monthly salary. Self employed individuals have to provide a year's audited accounts to prove their income.

Let us now have a look at the job loss insurance covers in some countries across the globe.

Job Loss Cover in Canada

There is a qualifying period before the job loss benefits begin – typically 60 days of continuous involuntary separation from employment. There can be policy limits like a maximum monthly amount of debt payment that will be covered and there is a threshold limit on the period until which the debt obligations will be met by the insurance company. Typically, the benefit amount for a job loss insurance claim depends on the amounts that fall due during the period of the involuntary employment.

The monthly premium for job loss insurance is based on the borrower's age and the amount of coverage needed (example – current debt obligations). Generally, all types of credit protection insurance coverage (including job loss insurance) are provided in Canada under a group policy rather than being individually underwritten.

Unemployment Insurance in Australia

227700 people lost their jobs in Australia between April and May 2020. Employees can create an emergency savings fund or they can consider taking a redundancy insurance cover.

In Australia, redundancy insurance provides short-term financial assistance to an employee who loses a job involuntarily due to redundancy. The insurance cover is also available to self-employed whose businesses have become insolvent. The pre-redundancy income is covered for a certain period of time called the benefit period when the insured is out of work. The period of insurance cover is three months – but again this can depend on the policy terms and conditions. The problem is that redundancy insurance does not cover voluntary redundancy – for example – if an employee opts for a redundancy package or chooses to resign. Self employed persons must be working at least 30 hours per week. Employees have to be permanent employees.

In Australia, the redundancy insurance as a standalone policy is not offered by many insurers. It is bundled as part of an income protection policy. Supporting evidence has to be provided in the form of a redundancy letter or a notice to that effect. For self-employed individuals, the requirement is that they should have been declared insolvent. The insured has to be involuntarily unemployed for the duration of the waiting period until filing a claim.

Some of the covers available in Australia are:

1. Sum insured up to 85% of income with an upper limit for a maximum of three months. A six-month no claim period and a 28-day waiting period – No claim period means that the insured must have had the policy for a certain period of time (usually at least six months) before he is eligible to make a claim.

2. In some cases, the insured can apply for an income protection policy.

For a redundancy claim, the policy has to be in force for at least six months before a claim can be made. The benefits will be paid only till the time the insured remains unemployed or for a period up to three months. There is a waiting period of 28-30 days before the insured can stake a claim – so until that time the insured has to manage with his savings.

Unemployment Cover in Africa

Rise in the rate of unemployment is leading to credit institutions like banks insisting on job loss insurance so that financial impact of non-payment of loans can be reduced.

Innovation in insurance is not merely about introducing new products or new processes. It may also consist of rebranding of existing products to take care of changing habits of consumers and emerging new risks. Thus, in Africa, job loss insurance is insisted upon by banks to protect their own interests so that defaults by clients who lose their jobs can be minimized. In fact, for long term loans, a job loss insurance cover is compulsory. However, the underwriting terms for job loss insurance are stringent. Job loss cover benefits are not applicable for retirement, voluntary retirement and resignation. Insurers have a whole lot of exclusions like – dismissal following misconduct, partial unemployment, layoff due to a civil war, strikes, unrest, a nuclear catastrophe, contract employment.

The rate of premium is arrived at as per the rate of layoffs and the possible duration of unemployment. As statistics on layoffs and duration of unemployment is seldom known with clarity, it is a challenge to rate the job loss cover. Duration of job loss contracts is for a period of one year; hence, provisions for reserve are dependent on the premium for the outstanding period. Thus, job loss insurance is a new type of cover that presents opportunities to insurance companies.

Unemployment Insurance in UK

Unemployment insurance or employment protection insurance is an income protection policy that covers for unemployed periods so that in the event of a job loss, the insurer would pay the insured a monthly income. In UK, on purchase of unemployment insurance, a redundancy cover is also included. It is essential that the insured pays the premium regularly. The insured has to provide details of his identity, address along with copies of pay slips. The insured has to also indicate his financial liabilities. The unemployment cover is available for full time and part time employment. But if there is a pre-existing medical condition, the premium charged can be higher. There is an exclusion period (1 to 6 months) during which a claim cannot be made. So, if people know that they are going to become redundant, they cannot seek an instant job loss cover.

There are certain unemployment protection policies with a deferred period on them. The insured has to wait for a certain period before they can stake the claim. The longer this period – the lower the premiums; the deferred period can be decided by the insured.

UK has three types of insurance policies if an individual loses his job.

1. **Mortgage payment protection insurance (MPPI).** Here the mortgage repayments are paid three months after the income stops and these payments are made for up to 12 months.

2. **Payment protection insurance (PPI),** also called Accident, Sickness and Unemployment (ASU) cover. This insurance cover ensures loan repayments by paying out a fixed amount for 12 or 24 months. There is a waiting period of three months before the payments begin.

3. **Short-term income protection insurance (STIP)** - this insurance replaces a proportion of income for a fixed period of time (usually 12 or 24 months).

Unemployment Insurance in US

The federal government bears the administrative cost of the unemployment insurance program. Employers pay the tax on behalf of their workers. State governments administer the program and set eligibility requirements and benefits. States have to pay for the benefits disbursed to the workers. Only permanent employees are eligible for unemployment insurance cover. The worker must have lost a job through no fault of his own; he must be actively searching for a new job and meet the minimum earnings requirement during the base period.

This cover is intended in replacing a substantial portion of lost income while encouraging workers to find new jobs quickly. The cover is aimed at stabilizing individual households and the economy as a whole.

In the US, since 1977, the US labor market has witnessed tectonic shifts and sweeping changes driven by globalization, decline of pensions and unions, automation, and the growing prominence of gig economy. However, support for unemployed workers has not matched step with these developments. The number of workers covered by unemployment insurance programs has steadily declined even as the spells of unemployment are longer than expected. The level of unemployment insurance cover has whittled down to less than 30%. The duration of the cover is for 26 weeks even though the period of unemployment can extend beyond.

The growth of temporary job opportunities and rise of the gig economy has also contributed to this trend. So, there is a need for amendment in the rules and regulations.

Job Loss Insurance Cover in India

In India, job loss insurance cover is offered as an add-on cover/ rider to a health insurance or home insurance policy. Insurance products such as critical illness and personal accident cover have a job loss cover as an add-on cover. However, the exclusions in these policies make it less attractive to customers. A health insurance cover provides cover against job-loss only if the policyholder is unable to continue working due to ill health. Job loss insurance is not available on a stand-alone basis from a personal finance perspective.

Most job loss insurance schemes have a termination clause attached. The reasons for the policyholder's termination must be included in the policy terms and conditions for a claim to be staked. It is essential that information asymmetry between the insured and insurer is vastly reduced through appropriate communication to clarify the policy terms and conditions. Financial experts claim that the benefits in these policies are limited. So, they have recommended that policyholders create a separate savings reserve with at least 30% of one's income so that they can create a corpus that has at least 4 months of their expenses. There are also short term liquid investments available in the market. Only salaried individuals are eligible for a job loss cover in India and this leaves out self-employed individuals.

Job loss insurance cover is useful for an individual with the high probability of a job loss. In India, the premium of the master policy is between 3-5% of the coverage. Premium of job loss insurance cover is another 3-5% of total premium. The cover is not valid if employee is asked to leave during probation or he is being dismissed due to inefficiency.

In reality, what happens is that businesses wish to protect their brand image and so they ask employees to submit a resignation letter albeit forcing them to do so. So, on paper, it does not look like a voluntary retirement scheme. This reduces the appeal of job loss insurance cover in India. Insurers have to work around this problem to ensure that job loss covers become popular. It is important the policy holder is made aware of all the clauses in the policy to avoid misunderstanding later.

Stand-alone job loss insurance cover makes more sense compared to add-on cover. The coverage to premium ratio must be high. The list of exclusions must be explicitly conveyed to the policyholder.

In India, employees are asked to resign during lay-offs because companies do not want to pay any ex-gratia amounts. This makes job loss cover less attractive in the Indian market for prospects. This challenge has to be addressed.

Job security is akin to a mirage and the risk has become pronounced due to growing instances of mergers and acquisitions and businesses attempting cost reduction exercises and ring fencing of their budgets. An employee who has undergone a surgery is also persuaded to leave the job due to reduced ability to do the work as before.

Some financial advisors suggest that rather than going for a job loss insurance cover, individuals should opt for self-insurance. Some experts advise that individuals can opt for job loss cover to protect EMI payments so that they can continue to meet their financial obligations to financial institutions. Along with job loss covers, add on covers are possible. Rather than fearing a job loss, individuals should opt for a job loss cover, set aside savings to be used during a contingency and get set to plan for the next step. The fear of losing the job is more than losing the job itself. A job loss cover is a safety net for the whole family even though it is of a temporary nature.

Exclusions in the job loss cover reduce its appeal. But these are legit as otherwise it may lead to fraud. Job loss due to pre-existing diseases and health conditions also do not qualify under the scope. The cover is capped at 50% of the income and the insurer pays the three biggest EMIs. The claim comes into effect after a waiting period of 1 to 3 months. During the policy term, the claim can be made only once.

Currently, a stand-alone unemployment policy is provided only under Rajiv Gandhi Sharmik Kalyan Yojana (RGSKY). This is traditional unemployment insurance in India that is supported by ESIC on behalf of the Government. The government is proposing to make amendments so that unemployment benefits under the Atal Beema Vyakti Kalyan Yojana (ABVKY) for those who have subscribed to the Employees' State Insurance Corporation (ESIC).

Suggestions

Unemployment insurance addresses one of the main causes of income volatility – job loss.

Job loss can be a source of unexpected income loss for a household. Job loss can lead to large dips in income followed by slow and (sometimes) incomplete recoveries. While a job loss can cause short term financial distress, it can also impair the ability of the individual to manage income volatility in the future. Research in the West has indicated that laid off workers do not reach their previous level of earnings for as long as six years. Even in case of employees holding white – collared jobs, a job loss may adversely impact their market value. Those employees who switch careers may never be able to reach their original levels of income. For example

– an individual working in the corporate world may be forced to join academia in which case he can never expect the kind of perks that he enjoyed earlier – not to mention the dip in the monthly earnings.

There is a reason why job loss cover must be made mandatory by the government. As argued by Denisova (2020) in her paper, there is a risk of adverse selection in job loss covers. Those who are vulnerable to job losses will opt for a job loss cover, while those feeling secure in their job will not look out for such an insurance cover. This means that the very purpose of insurance gets defeated. Insurer will have a pool of policyholders who are highly predisposed to a situation of losing their jobs – the certainty of the event happening will be high – and so insurance premiums have to be exorbitantly priced in anticipation of a huge number of claims. This will make the job loss cover less appealing.

To preclude opportunistic behavior on part of the insured (he may not be active in his job search just because he has an insurance cover), the amount of claim benefits must be reduced if the period of unemployment extends beyond a stipulated limit. Also, to arrest the moral hazard, the claim benefits should have a deadline. To ensure that the insured is actively searching for a job, the insurer must insist on evidence that the policyholder has made efforts to scout for another job (registration with employment agencies and job portals).

Job loss covers for partial unemployment can also be considered. This can occur in a situation when there is a decrease in demand due to a recession and where there is a possibility of correcting the economic situation to stimulate the demand again – this will obviate the need for unnecessary lay-offs. This can also increase the volume of job loss covers that are sold and help businesses manage the shocks of an economic crisis. Pricing of the risk must be updated on the basis of historical claims experience so that this can arrest opportunistic behavior on part of employers to rely only on insurance claims.

It also needs to be remembered that employees can switch jobs for better prospects so unemployment insurance must be portable. Job loss cover can be expanded through changes in Government policy, employer labor practices and financial products. Reforms and innovations are needed in job loss insurance covers to protect workers and employees against income volatility. Employees' cover should be portable when they switch jobs. Reforms should expand coverage, promote portability and reduce the magnitude of income losses.

The Government must create awareness about job loss insurance covers. Businesses must revisit their hiring and compensation practices. Governments, employers and financial service providers are responsible for supporting reforms in unemployment insurance and there is scope for private insurers to support the state by providing such covers.

Employers can start offering job loss covers despite the fact that it can be a source of embarrassment for them. However, in the present day and age, when economic recessions have become cyclical, there is no other option. Employers can work with insurance firms to develop and offer job loss cover products for those employees who are not covered.

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Conclusion

Job losses are becoming endemic across the globe and hence there is a greater chance of an individual losing his job compared to other risks like critical illness or death. Job loss leads to sudden fall in income levels and these are followed by a slow and sometimes incomplete recovery. Efforts to address income volatility do not consider the specific needs of the laid off workers. Even in a country like US, the existence of social safety net has not done much to alleviate the financial distress of those who have lost their jobs.

The loss of job insurance cover protects an individual's financial liabilities as per the covers opted for by the policyholder in the policy. Job loss insurance can mitigate the adverse effects of income volatility as it ensures continuity of income.

Recurrent economic downturns are forcing insurers to explore providing such innovative covers. Fear of job loss is triggering the need for such covers among the population. International Labor Organisation (ILO) encourages member countries to include unemployment benefits in their social welfare systems. Job loss insurance cover is an opportunity that insurers should not miss out on.

An individual is ready to part some of his income as premium for securing a job loss insurance cover during a favorable period so that he can claim the benefits under the policy during an unfavorable situation (namely, a layoff). This economic motive for improving social and individual welfare characterizes unemployment insurance.

The alacrity with which organisations plan and execute headcount reductions has to be seen to be believed. The element of uncertainty about economic recessions has ceased to exist. As economies across the globe get intertwined due to the impact of globalization, a recession in one nation will invariably affect other nations. This is what happened during the 2008 global economic meltdown.

Even during the pandemic in 2020, the media was replete with information about organisations (large and small) announcing layoffs. Even those working in educational institutions (especially institutions imparting higher education) have not been spared the trauma of losing their livelihood. Therefore, this is the right time for insurance organisations to introduce job loss insurance cover. Rather than using fancy terms to name this cover, it would be better to name this policy as a job loss insurance policy.

to popularize this insurance cover, it will be worthwhile to follow the marketing philosophy of volume selling. By charging reasonable premiums, insurance firms can reach out a large number of individuals. The policies can be sold to individuals as well as business organizations. Formal organizational channels can be used to create awareness and influence employees to buy such a job loss cover. Organisations may not be forthcoming to communicate to their employees to buy such a policy but they can create awareness about the same. These efforts need a push by the Government and the regulator.

Scheme A	Scheme B	Scheme C
Waiting period of 3 months	Waiting period of 3 months	Waiting period of 3 months
Full income protection for 6 months after the waiting period or until the time insured lands a new job (whichever occurs first)	Full income protection for 3 months after the waiting period thereafter the monthly outgo (EMIs) etc. will be paid for the next 6 months.	Monthly outgo (EMIs) will be paid for next 12 months after the waiting period.

However, instead of a one-size-fits-all approach, it will be more prudent to structure the insurance policy in more than one layer. The premium amount should be subject to careful actuarial computation and this should be linked to the monthly income earned by the insured. As always, the principle of indemnity would apply in case of job loss insurance cover.

One common grouse against such job loss covers is the obnoxiously high premiums. This is understandable because this is one risk where the level of uncertainty has continued to whittle down over a period of time. However,

The terms and conditions of the job loss cover must be clearly communicated to insured to avoid misunderstandings later. There can be a waiting period of three months after which the insured can start claiming the benefits accruing from the policy.

The challenge here is to check whether the insured has landed another job. This means that there has to be a control mechanism to ensure that insured is not making the claims in an unethical manner – for example – he may not reveal that he has landed another job and he may continue to enjoy the benefits. To mitigate this risk, the monthly claims should be paid after a formal declaration by the insured that he has still not landed a job. He may quote his PAN number & Aadhar number and with many digital surveillance tools available nowadays, it is not impossible to trace out the veracity of information. After the insurance company is satisfied that the insured has shared the correct information, claims can be paid out in the next 72 hours. These details must be communicated to the insured in the beginning itself.

The biggest hurdles in popularizing the job loss cover need to be understood. Most organizations force employees to sign on a letter that they are leaving the organization on their own. This is done to protect their reputation. Those employees who opt for voluntary retirement are not eligible for job loss cover. Secondly, job loss is a social stigma – especially in our country where the very prospect of losing one's livelihood can send a shiver down the spine of employees. So, not many may be willing to accept that they have lost their job. This is one area that needs the involvement of subject matter experts in insurance. How to provide a job loss cover to an employed individual who has actually lost his job but where the true facts have been concealed / camouflaged by the organization under the garb of "voluntary retirement" or "voluntary resignation" – this will remain the greatest underwriting challenge for a job loss insurance cover.

Job loss cover can be provided by organisations to employees – they can purchase the cover which will become valid when an employee loses the job. This cannot be a part of the separation package.

Thus, the job loss insurance cover presents a great opportunity to the insurance industry to introduce an innovative cover and expand the growth of the business. The limitations of such a scheme need to be understood and communicated to the policyholder. The success of such a cover will need the joint involvement of all stakeholders with the Government and the regulator playing a significant role. IJ

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Educational Institutions Need to Focus 'Health and Safety' More Efficiently as Covid19 Reminded

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Abstract

Hundreds of thousands of students were killed in several incidents at educational institutions in the past many years. This research article considers whether 'Health and Safety' in educational settings is the need of the hour as Covid19 reminds us. At the same times, other questions also line up - whether educational settings have updated their safety and health practices post-Covid19, and whether would it make them more safety-efficient post-Covid19? Personal in-depth discussions/focused interviews (with 342 health, safety, environment (HSE), medical, education, management, and mental health professionals across the country) recommended 'health and safety management system' in educational institutions in order to avert and combat the impact of Covid19-like risks more efficiently. These institutions also updated their HSE management due to onset of Covid19.

Keywords

Safety, Health, Education, Students, Institutions, Covid19, India.

Introduction

The death of a student due to snakebite raised questions on child safety in schools, and how to prevent such incidents further (Alex, 2019). Nothing is as important as creating a safe learning environment for our children. Childrens' deaths due to building collapse, fire accidents make it necessary for us to be continually vigilant, to ensure safety of students/staff in schools. An incident of fire that killed ninety three children reiterates the need to have school emergency preparedness and response plans, schedule practice drills to respond efficiently to occurrences that might be encountered (Government of India, 2004, p8). Hindustan Times (2017) reported 50 deaths in past two months revealing instances of coaching centres driving students to suicide, and the HRD ministry in November 2015 proposed setting up a regulatory mechanism.

Devastating incidents have elevated the concerns about the safety culture in academia. The safety culture of an institution is a reflection of the attitudes, and behaviours of its members concerning safety, an organisation's collective commitment (AmeriCAn ChemiCAl SoCiety, 2012). In another fire incident, 24 students and teachers perished in a religious school in Kuala Lumpur. Malaysian local media reported that since 2015, there have been more than 200 fires at such schools (Pais, 2017). The recently changing scenarios necessitates a workplace HSE review.

During 2018–19, there were 66 school shootings with casualties at public and private elementary and secondary schools (NCES, 2020). The National Crime Records Bureau, for the year 2016, reported 11,812 deaths in India due to road crashes near educational institutions. One reason attributed for fatalities in this age group is their lack of experience; they are prone to bad judgments i.e. risk-taking, thus getting involved in road traffic crashes (Baskar, 2020).

Recently, there is an increased emphasis on HSE in educational settings across the globe, due to Covid19. 'Health and Safety needs to be on the syllabus in all education levels as a reinforcement constantly from school to university to employment to retirement. Life-long learning helps to achieve such a global perspective to save human lives. This mission is possible when it begins with family, school and social values and a long-term orientation.

Research question / objective statement

To explore the perceptions, if 'health and safety" education was introduced as a subject at schools way back, India would not have seen such a huge impact of Covid19 on its citizens, as it is now. Secondly, whether educational settings updated their safety and health practices post-Covid19, and the need is felt to integrate HSE as an integral part of educational institutional management?

Methodology

Participants, measures, procedure, analysis

Open-ended question based interviews and personal in-depth discussions with 342 HSE, medical, education, management, mental health professionals were conducted through remote data collection techniques over 3-months (June-August, 2020) in India from diverse locations and organisations. The responses of these professionals are presented in the following themes.

Findings

Responses of HSE, medical, education, management, mental health professionals

If 'health and safety" education was introduced as a subject at schools way back, India would not have seen such a huge impact of Covid19 on its citizens, as it is now. In this regard, the responses of the HSE, medical, education, management, mental health professionals are in the affirmative and the broad themes emerging from these specific responses are as follows:

a. The need for Health and safety education (99%)

b. Introduce Health and safety as a subject (98%)

c. Role of Government and institutional leadership (95%)

d. Preparedness and Implementation (94%)

e. Infrastructure like safe design of educational sites (80%)

f. Priorities and Values (70%)

g. Risk is a part of our daily life, but accidents need not be (99%)

a. The need for health and safety education

Safety education should be a part of the school curriculum (Azad, 2018). The tragic death of 14 and injury of more than 45 pupils of Kakamega Primary School is yet another reminder that our children are not safe in schools. Unless the country rises as one to boost the safety of school children, more mass deaths will continue to be reported countrywide (PDonline, 2020). The professionals (99%) in India who participated in this research agreed for the need for Health and safety in educational settings. They expressed that with Covid19 storming the world and humanity at large, Children and students are the roots of development. Schools and colleges are the best places to water the habit of Health and Safety. Health and safety education is important. That is why India is behind the western world as such practical topics are not part of the curriculum in schools. Health and safety is lacking in our basic education and must be included. When we are educated, we are more likely to be disciplined and follow the standard procedure of safety, which is required to be healthy and safe in the present pandemic situation. I would include cleanliness also to the picture. In India, we are not a clean nation as such. This condition today is due to lack of awareness among the citizens.

It would be an excellent idea to have education on health and safety in all schools. The Young generation is our future, they need to be moulded in a safety and health culture. Behaviour has to be developed at sapling stage rather than at that of a fully developed tree. If we have to choose between the three: Home safety, Workplace safety, Behavioural safety. Which one should we chose? Research suggests that social distancing techniques, along with careful hygiene, cleaning, and use of quarantine, can reduce the spread of disease in schools, and protect the health and safety of students, staff, and families (Melnick, et al., 2020).

b. Introduce health and safety as a subject

The New Education Policy (NEP 2020) is restructuring the Indian education system after 34 years, and would possibly include HSE subjects in all educational levels (Nanjappa, 2020). The professionals (98%) who participated in this research recommended to introduce health and safety as a subject in educational settings. There are many incidents where it was understood that people (well educated/qualified) were not aware about emergency measures to be taken. This was observed in recent fire incidents in a few of the hotels in Mumbai, as also in a Surat commercial complex where 22 casualties of students took place from coaching classes (Mehta, 2020). Health and safety must be introduced as a subject in school. One view is that already we have had health and safety as topics in school but they are in bits and pieces. For example we are taught about road safety and its consequences, but if we are not having good behavior, there are no consequences written in the book. Similarly, not enough is taught about environment in school time. So there must be a separate subject with pros and cons as well as their impact. HSE is a valuable addition to our education. In old times in our Indian educational system, Ayurveda was one of the compulsory subjects. Health and safety must include Ayurveda, Allopathy, and various other disciplines. Indeed this is a very valuable suggestion. As per Citation (2020), in schools, there are environments that are considered low risk, such as classrooms, but the risks in labs, toilets, play grounds etc. need to be evaluated and controlled. These hazards need to be assessed and controls ought to be put in place in order to reduce the harm.

c. Role of Government and institutional leadership

Even now it is not late, some solid proposal in this regard is needed to the governments. Government of India did something on environment front but it is also necessary that education for safety particularly, for General Safety, Fire safety, Road Safety, Electrical safety should be included in school level. The professionals (95%) in India who participated in this research agreed for the Role of Government and local leadership to implement health and safety in educational settings. The integration of occupational safety and health into educational settings is an important aspect of the risk prevention culture. This allows everybody, teachers and students alike, to find out ways to live and engage in a secure and healthy environment. The educational staff must become aware of the risk factors in their working environment (Gilda, et al., 2013).

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The Supreme Court of India had listed detailed guidelines and ordered all government and private schools in the country to follow the safety measures prescribed by the National Building Code of India 2005. But till 2017, out of 500 educational institutions with the Greater Hyderabad Municipal Corporation limits, only 29 adhered to the fire safety standards prescribed by the government. A huge number of 471 schools failed to get the No Objection Certificate from the District Fire Officer, which ensures that the school building is well equipped with all safety measures, as prescribed by the Education department, putting the lives of children at risk. This appears to be no great matter of concern (Government of India, 2004, p7). The National Association of Secondary School Principals (2018) strongly emphasised to build a culture of safety. School safety issues, especially after the shooting at Marjory Stoneman Douglas High School in Florida, energized students, 650 school students participated in a walkout with the support of the school administration.

d. Preparedness and Implementation

The Ministry of Human Resources Development (MHRD) in India issued detailed guidelines on school safety in 2014, but the implementations and safety mindset are lacking. The murder of a Class 2 student in Ryan International School raised uncomfortable questions, despite the large body of regulations, implementation is sloppy (Roy Chowdhury, 2017). What matters most is our mindset. Health and safety aspects were taught in the school as environmental science.

Covid problem in India is because we are not following guidelines. Moral science and ethics have taken a back seat and needs reinforcement. For effective implementation of HSE, the educational institutes must deploy structures such as annual risk assessments, planned walk-through inspections, training events, meetings, replacing sub-standard infrastructure, introducing new equipment, refurbishing key locations (Rapid Global, 2020). The professionals (94%) in India who participated in this research stressed the need for preparedness and implementation of health and safety in educational settings. Critically, a school counsellor settled in USA expressed that the question is about attitude. Even now when the Covid19 problem is at the doorstep, some state governments are playing politics rather than focusing on the problem.

It's all about building a culture, fixing the foundation, which would be best to shape the pandemic preparedness. Certainly, if we have certain guidelines from the very beginning in school, we would be more safe from any epidemic. There are some very basic things also that people can't follow for health and safety because there is no orientation, hence they don't understand its importance. Broadly, there are three phases of preparing organisations for health and safety culture which as follows: orientation and awareness to all, rollout action plan and its implementation, monitoring and sustaining. GRENADA ELEMENTARY SCHOOL (2018). has a School Safety Plan which includes a comprehensive emergency management plan by which families are encouraged to establish major emergency family protection plans.

e. Infrastructure like safe design of educational sites

One may ask whether education alone would make people safe. Some say that infrastructure also matters. Parents and teachers called for stringent safety measures in school buses, following a seven-year-old school boy being run over by his own school bus while crossing the road (Iyer, 2019). The professionals (80%) in India who participated in this research emphasized a need for infrastructure, like safe design of educational sites, the school building and buses etc. The educational institutions should install a fire safety system under which mechanisms for the detection of a fire, warning resulting from a fire and standard operating procedures for the control of fire are evolved. This may include sprinkler systems or other fire extinguishing systems, fire detection devices, stand-alone smoke alarms, devices that alert one to the presence of a fire, smoke-control and reduction mechanisms and fire doors & walls that reduce the spread of a fire. Students and staff should be trained within the effective operation of firefighting devices. Mock drills for fire situation should be undertaken at least once in a semester (UNIVERSITY GRANTS COMMISSION, 2020).

f. Priorities and Values

Statistics from the National Crime Records Bureau shows that nearly 43 children die in road accidents across the country every day. In 2015 alone, more than 400 school children were killed in bus related incidents. 15,633 children were killed in road accidents across India in 2015 (Bhatia, 2017). Our traditional basic priorities are still "Roti, Kapda aur Makan" (food, clothing shelter) and our education system is also laid down on our basic priorities. This needs a change. The professionals (70%) in India who participated in this research emphasised for priorities and values of the educational institutions. The safety and health concept has to emerge as an organisational value and priority. Critically speaking, the school education on HSE alone, may not have brought the Covid19 numbers to Zero, but definitely would have reduced them. In addition, there are other concerns like safety consciousness, poor knowledge, poor health infrastructure, over population etc. A behavioural change among people can be stimulated by a) Ideal behaviour being modelled and brought to light by social proof and b). Change and adaptation being made easy. As per Department of Education (2020), ensuring health and safety in schools is an essential part of any school manager's responsibility and to do this successfully, an effective health and safety management system needs to be in place.

g. Risk is a part of our daily life, but accidents need not be

For accidents not to happen, the inevitable risks need to be reduced to a manageable level. Almost 99 percent of the professionals who participated in this research believed that risk is a part of our daily life, but accidents need not be. Always we take some calculated risk in our life to see some achievement. While sometimes, there are some unknown risks we are not calculating and taking them into consideration all the times. This puts us into trouble.   If we could be able to do some analysis on the unknown risks, accidents could be avoided. It is true that there are some natural disasters we cannot avoid. Risk is indeed a part of our daily life, but it can still be minimised to reduce accidents. Risk involves uncertainty about the effects/implications of an activity with reference to something that humans value (such as health, well-being, wealth, property or the environment), often reflecting on negative, undesirable consequences. Accidents can be controlled only if we mitigate risk. An accident is a result of risk overlooked or underestimated. We can prevent and minimise the risk impact through our actions, which are exhibited through behavior, which is driven by mindset. We must prevent accidents by all means and measures.

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Risk is an inevitable part of our life. We invite accidents either because of our unsafe acts or unsafe conditions. Risk is involved in every activity but if we always take action to eliminate it or reduce it to a reasonably low and acceptable level, accident shouldn't happen. Believing that risk is part of our daily life but accidents need not be, it is imperative that while schools need to make sure that staff, pupils and visitors are safe, they also need to make sure that, as the citizens of tomorrow, pupils are helped to become risk-aware without becoming unnecessarily risk-averse. In this sense 'teaching safely' and 'teaching safety' need to go hand in hand (RoSPA, 2020, p3).

Conclusions, Recommendations and Implications for social policy and planning

The research objectives that were pursued are, whether educational settings updated their safety and health practices post-Covid19, and whether it would make people more safety conscious post-covid19, and the need is felt to integrate HSE as an integral part of educational institutional managements?

Conclusions

Hundreds of thousands students have been killed in incidents at educational institutions as reports revealed. The concept of safety and health culture has challenged institutions once again due to Covid19. The findings reviewed 'health and safety in educational settings' by way of seven areas of concern, such as the felt need and importance of health and safety education, introducing it as a subject, role of government and leadership, preparedness and implementation, infrastructure like safe design of educational sites, priorities and values for educational institutions to focus on it in a systemic way, and the fact that risk is a part of our daily life, but accidents need not be.

The educational institutions acquired gains in HSE domains due to onset of Covid19. They are more safety conscious than before and this needs to be sustained and become an integral part of their management system. It is necessary for them to manage the safety and security in order to prevent accidents/incidents, creating an environment for physical, emotional and social well-being. These institutions promote safety, only to meet regulations, without any sensitivity and commitment. It is necessary to mainstream safety processes integrated in school management, involving all the educational community (Vicario, 2017). A fire incident took place at Delhi University's College; two classrooms were charred, even as all universities and schools were shut across the country due to the coronavirus pandemic (Bhandari, 2020). It is time for educational institutions to learn to manage health and safety more efficiently. The current situation requires institutions to consider and implement all possible solutions to ensure the safety of students, their parents and our staff (Awasthi, 2020). In Mumbai, the Early Childhood Association and Association for Primary Education and Research updated guidelines as well as each school to have a safety coordinator to assure the implementation of safety procedures and these guidelines (Borwankar, 2020).

If 'health and safety" education was introduced as a topic at schools way back, India wouldn't have seen such an enormous impact of Covid19 on its citizens, as it is now. In this regard, a safety veteran said, "I endorse, support and advocate this since the day I opted to become a professional safety man" (Chakarborty, 2020, p1). A school Principal having 30 years of experience in education, Jose Kurian reiterated that there were no doubts about implementing health and safety in schools. Moreover, there are so many other very important value orientations like sense of cleanliness, social responsibility, respect for public property, respect for others and their belongings and many more. Covid19 scenario is a reminder for all this, people need such orientation and reinforcements. However, the educational institutions needed expert guidance on implementation of health and safety standards and procedures.

Importantly, the HSE professionals highlighted on HSE value as a belief that if only a firmly believed that all accidents could be avoided, then one can avoid it. Otherwise, they will keep happening. A recent plane crash on 8th August 2020 at Calicut, India was avoidable too. The airport was given notice nine months back about many deficiencies, but nobody bothered. Why was it necessary to land the plane under heavy rains? The flight could have been diverted. That's where behavioural interventions matter. All accidents are preventable. Fate, a bad time, and ill luck are myths only. There are two categories of situations, some are within our hands, others are beyond our control. The fate of the passengers was beyond their control. But it may have been within the hands of the pilot, knowing it to be a table-top runway and that skidding chances exists due to heavy rain and plane landing is not frequent due to pandemic situation, and the report warned that this airport was not safe for landings (Saxena, 2020).

Recommendations and Implications for social policy and planning

UNESCO (2020) is engaged in empowering schools and their communities in the identification of the hazards and risks they are exposed to, their vulnerabilities and their capacity to manage them. The goals of this Comprehensive School Safety framework are: to protect children and education workers from death and injury in schools; to plan for educational continuity in the face of expected hazards; to strengthen a disaster resilient citizenry through education; and to safeguard education sector investment. All professionals, participants of this study agreed that If 'health and safety" had been introduced as a subject at schools way back, India would not have seen such a huge impact of Covid19 on its citizens, as it is now. They recommended for all educational institutions to prioritise and value the same. Hence to avert and combat any health and safety risk and its impact (such as Covid19) more efficiently for the country's citizens, the main recommendations are in the areas that need to focus the attention of decision makers in education/HRD sectors that there is a strong need for health and safety education to be emphasised by the Governments and the concerned stakeholders, introduction and implementation of health and safety as a subject to be prioritised and valued, and also emphasise upon the infrastructure/safe design of educational sites.

Health, safety and environment (HSE) aspects in educational settings got sidelined due to an over-emphasis on performance and meritocracy which led to hundreds of thousands of fatalities of children and young people across the globe. The state education department and the fire and rescue services department ordered an inquiry on educational institutions, including coaching centres, across Tamil Nadu, India that operate without safety precautions. Every classroom that can seat more than 45 students must have two exits and the fire drills should be conducted once in six months. Heads of such centres must conduct fire audits (Aditi, 2019).

Like industry, HSE systems in educational institutions brings results when they are implemented successfully along with safe design of educational sites, safe infrastructure and procedures as well as regular behavioural reinforcements. For example, an activity-based HSE resource was developed for New Brunswick schools, to make it as a way of life for children. This is high time to introduce safety and health in schools syllabus. Some of the HSE basics, need to be added in our syllabus according to the level, like for kinder-garden students, how to handle sharp needle pencil and how to wash their hands for own hygiene. Similarly for engineering or science students, an environmental and safety subject should be included. Once it becomes the practice on their day to day activities, culture can be established. It would help in removing the industrial accidents directly from the field. A safety professional said, "we should incorporate the inputs at an early level of the educational system. If we focus now on the generation who are going to take charge of society in coming years, then it will give results". HSE is an important part of all educational institutions to carry out risk assessments for buildings as well as school buses to foresee and minimise risk to students, staff and other stakeholders (Borneo Bulletin, 2020). The educational institutions that don't implement HSE system for caring the human assets of their nations need to be warned with consequences of closure/ being banned as they misuse public money due to the losses in the incidents and fatalities that take place, and then they claim the funds from insurance companies. Its a double loss of human life and public properties.

Besides, educational institutions, HSE systems also need to be further strengthened in all health care facilities, as very recently, two Covid19 hospitals at Andhra Pradesh and Gujarat in India got fire in the month of August 2020 killing several patients, indicating a lack of safety culture. Risks are an inevitable part of our life, they need to be evaluated and optimised with layers of protection before resulting into accident. It is imperative to note that in case, the HSE systems are not implemented more systematically in educational and health care institutions, then there are larger implications in terms of incidents and fatalities as observed in this article. IJ

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Contribution of all professionals is thankfully acknowledged.

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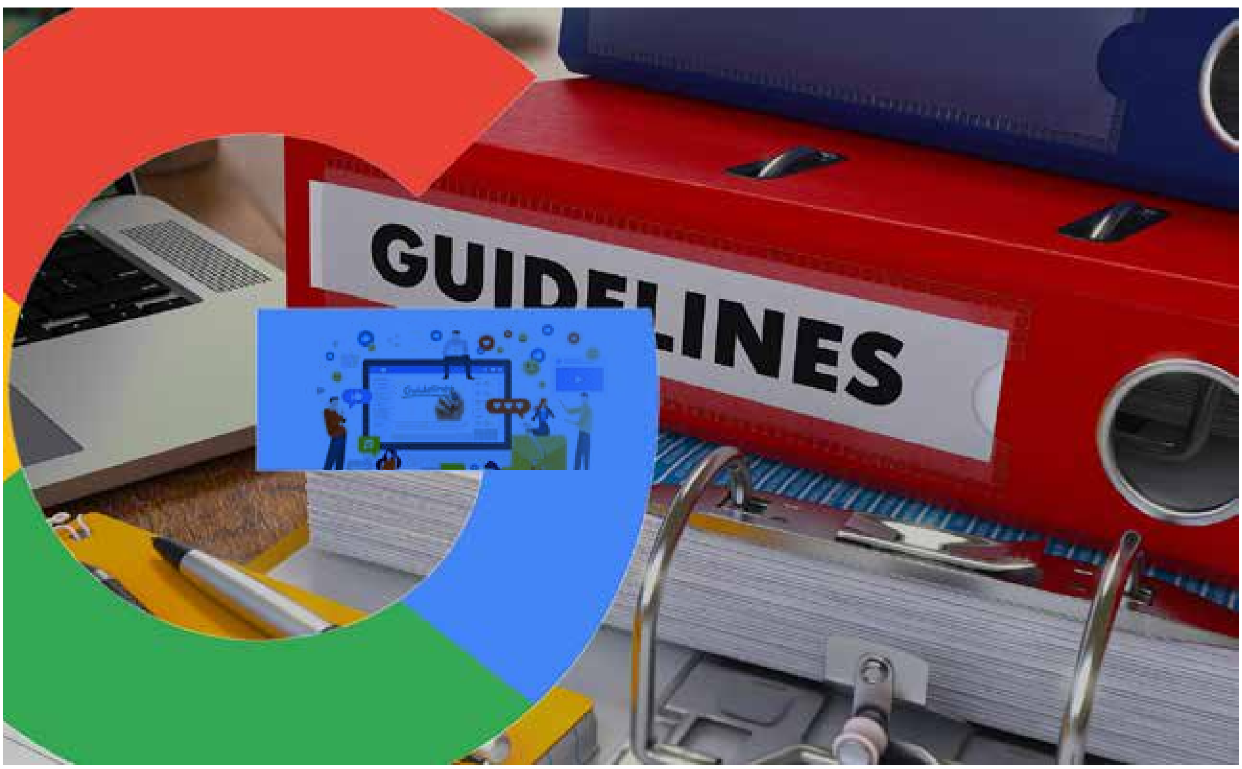

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In view of the movement restrictions imposed by authorities due to the Covid-19 pendamic, the campus based programs have been put on hold. The College of Insurance has instead started virtual classroom training programs. The readers may check our website for details of the programs.

NOTES

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