

COVID-19

Coronavirus will catalyse innovation in insurance

Traditional insurance products cannot keep pace with the rapidly evolving technological ecosystems. Insurance may see more 'consumerisation' and customisation post-pandemic.

By Anoop Khanna



In June 2020 NTUC Income Singapore launched bite-sized stackable insurance SNACK, an insurance cover that integrates into the daily lifestyle activities of the insured and the cover grows as the micro premiums accumulate.

Recently India initiated a move to develop an insurance product for retrenchment in case of job losses due to technological advancement, act of nature, change in the economic structure and pandemics.

MariaHealth, a Philippines-based health insurance distributor is packaging and bundling short-term need-based health insurance coverages for individuals and SMEs, the first of its kind in Southeast Asia.

Companies such as London-based Laka are providing innovative insurance policies for coverages needed by bikers in the UK and Europe.

Insurance innovations are overdue

COVID-19 has catalysed these and several more such 'insurance innovations' across the world. The pandemic has brought to fore some of the structural opportunities in how insurance can be 'produced', priced, sold and serviced to meet the personal and commercial protection needs.

These changes in insurance have been long overdue. The risks associated with the pandemic are challenging the 'fundamental' products of the insurance industry



Mr Navdeep Arora

and giving rise to new and unique need-based products that are here to stay.

Asia Insurance Review spoke with InsurTech investor Navdeep Arora about how these new insurance products and services are set to transform insurance post COVID-19.

"Traditional life and health insurance

products ... failed to meet short-term emergency needs arising from hospitalisation, loss of employment, quarantine expenses, disability and loss of a loved one - the risks that are pervasive during pandemics such as COVID-19," said Mr Arora.

Insurance requires more of 'consumerisation' of insurance products that can be bought off-the-shelf on a 'use as needed' basis at important moments and serviced seamlessly in the e-commerce and digital ecosystems that will be the accepted normal in the post-pandemic economy.

Mr Arora said, "We will see more pre-underwritten, fixed price and fixed benefit simple insurance products such as hospital cash, unemployment, and short-term disability benefits that are sold and serviced directly through smart devices with the click of a button in real-time."

Dubai-based Democrance is encouraging insurance companies to use plug-and-play platforms to deliver these small sized need-based insurance products as well as services like telemedicine directly, digitally and seamlessly to their customers.

Gig economy needs some exclusives

According to Indian financial daily Livemint there has been a quadrupling in temporary hiring during the pandemic with employers hiring leadership-level talent on contract. But these employees are the first ones to come under the scanner during a downturn.

"Insurance products that enable the growing need for mobility and social distancing and also address risks associated with the pandemic, would be another category of products that would be expected and accepted," said Mr Arora.

"Insurance products that cover micro-businesses and SMEs would find wider acceptance. These new and innovative policies would be able to meet short-term needs of micro-businesses."

Focus on risk mitigation too

A new class of insurance products that will not only focus on risk transfer but also help in preventing and mitigating adverse events is already in the making. Technology start-ups like India-based Gypsee are working with insurance companies to pilot innovative ways of measuring driving behaviour and vehicle health to help prevent car crashes.

"We will see more health insurance innovations for comprehensive digital health offerings, including remote diagnostics, tracing, monitoring, real time advice (telemedicine), pharmaceutical support, early response communication and international cover," said Mr Arora. ■