40% jump in online insurance sales on Covid-19 lockdown

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April 1, 2020 | UPDATED 14:43 IST

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Representative Image

The demand for life and health insurance policies has seen a huge spurt over the last 20-30 days as the number of coronavirus positive cases started growing. Online distribution portal Policybazaar says health insurance has seen a jump of 35-40 per cent on its platform, while life insurance registered a 20 per cent growth during this period.

Although the industry always records a strong growth in March as people rush to buy policies before the end of financial year, this year the growth is stronger compared to average 10 per cent growth logged in previous years in both the categories, says Policybazaar.

Digital insurance player Digit Insurance saw a 50 per cent increase in average policies sold a day in March over January for its comprehensive health insurance policies. The company received a robust response for its coronavirus-specific insurance product as well that it launched in the first week of March. Since the product was launched under Sandbox regulations, the company has rolled it back after they hit the IRDA-specified upper limit. "In less than a month we clocked a total premium of over Rs 39 lakh which was nearing the limit of Rs 50 lakh that the regulator had fixed, hence we had to stop the product," says Vivek Chaturvedi. Head of Marketing and Direct (online) sales at Digit Insurance.

Digital players aside, the trend is opposite for traditional insurers, who sell their products primarily via insurance agents. Dr S. Prakash, managing director, Star Health and Allied Insurance, says the insurer has seen a drop of 50 per cent in March in the number of policies sold compared to last year due to the lockdown. "There has been a gradual decline in policies sold from the first week of March to the fourth week as sales managers and insurance agents are unable to meet customers. However, we recorded 32 per cent growth in February compared to 25 per cent industry growth as people were inclined to buy policies thanks to awareness around coronavirus."

Digital onboarding - the way forward

Although, on an average only 10-20 per cent business comes digitally for traditional players, they have realised the need to push it forward. Insurers such as HDFC Ergo Health Insurance, Religare, Max Bupa, HDFC life, Max Life and Tata AIA are working with Policybazaar to ramp up the tele-medical services.

"Health and term life insurance now can be bought through Policybazaar without physical medical check-up to ease the burden on medical centers. The customer can now get a term plan of sum assured of up to Rs 2 crore and health cover of Rs 1 crore with a medical check on phone," says Santosh Agarwal. Chief Business Officer- Life Insurance at Policybazaar.

The distributor along with the insurers are looking to deploy an increased volume of physicians and health professionals to consult with patients and assess their health condition over a call making the need of visiting physical centers during the COVID-19 outbreak redundant.

"In the current situation, it is difficult to get the pre-medical tests done for buying the insurance cover. In light of the above, we have started tele underwriting of the cases which fall under the category of medical tests and taking decision case to case. Generally, the cases which fall under this category are less than 15%," says Pankaj Arora, MD and CEO, Raheja QBE General Insurance.

Max Bupa says its call centres are remotely operational to help customers and a team of doctors is working 24X7 to underwrite new policies.

Meanwhile, Star Health has expanded its digital operations to on-board customers 100 per cent digitally. "Insurance products are complex in design, so difficult for people to understand. We make sure that someone goes in person to meet customers and explain product features. On the online platform, they will have to make sense of the policy by themselves. This is why we never attempted for 100 per cent digital on-boarding process. The current situation is forcing us to go through a painful but a positive reform," says Prakash.

While online on-boarding may involve low-cost and convenience, divulging any inaccurate information may catch you by surprise when you settle a claim. So, if you intend to buy a new policy, make sure that you disclose all accurate information during tele-medical process. "If the customer disclosure is incorrect and it gets proven during the investigation then the Insurance company holds every right to completely decline the claim," cautions Agarwal of Policybazaar.

Initiatives around Covid-19

Insurers are doing their best to ensure seamless services and support their policholders. Max Bupa says it is encouraging its customers to use digital assets for any assistance regarding policy renewal, claims settlement and other necessary information. "Our chatbot Cia is helping customers to renew policies, generate claim status, send policy packs and tax receipts. Cia also has the capability to address basic queries around covid-19 coverage," says Ashish Mehrotra, MD & CEO, Max Bupa Health Insurance.

The company is soon going to start Home Health programs for its customers. Some of its plans like GoActive already have telemedicine and psychological counselling available. "It is quite relevant at a time when there is a nationwide lockdown."

Star Health has launched 'Star Novel Coronavirus Insurance Policy', a benefit policy to cover all those who test positive for the COVID-19 and require hospitalisation. The policy doesn't exclude customers with international travel history.

Note that IRDA has notified all insurers to cover Covid-19 for existing policies. Star Health has in fact approved a claim on coronavirus. "We received a claim from Pune last week. The person was admitted in the hospital for respiratory infection and was diagnosed with coronavirus. We have approved the claim, and the person is still hospitalised," says Prakash.