



THE STATE OF THE INSURANCE INDUSTRY IN INDIA: INSIGHTS FROM THE BUZZ

[Data for the period July-Sep 2018]



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Summary of Insights

The buzz around insurance was dominated by the launch of the public insurance policy by the Government of India, i.e., Ayushman Bharat, the equivalent of Obamacare in the USA. The launch coincided with several policy makers and influencers expressing their opinion on this policy. The response has been mixed, but overall positive.

Within life, health and auto insurance, health insurance related discussions were the most frequent, driven in part by the announcement of the Ayushman Bharat scheme. Delhi NCR region saw the highest buzz followed by the Mumbai region. The volume of buzz in Delhi NCR was almost twice that in Mumbai.

A low net promoter score (NPS) marked the insurance industry as indicated from the buzz from the period July through September 2018. This should be a cause of concern for all industry participants. High premiums, denial or rejection of claims are the cause of the consumer anguish. Some industry participants such as HDFC and Religare had an overall negative NPS which is particularly worrisome.

Important initiatives and launches, for example, the announcement by ICICI Lombard using AI, Apollo Munich's new product announcement related to a cancer specific product and TTK's replacement by Manipal in the health insurance JV with Cigna in India were important themes in the quarter.

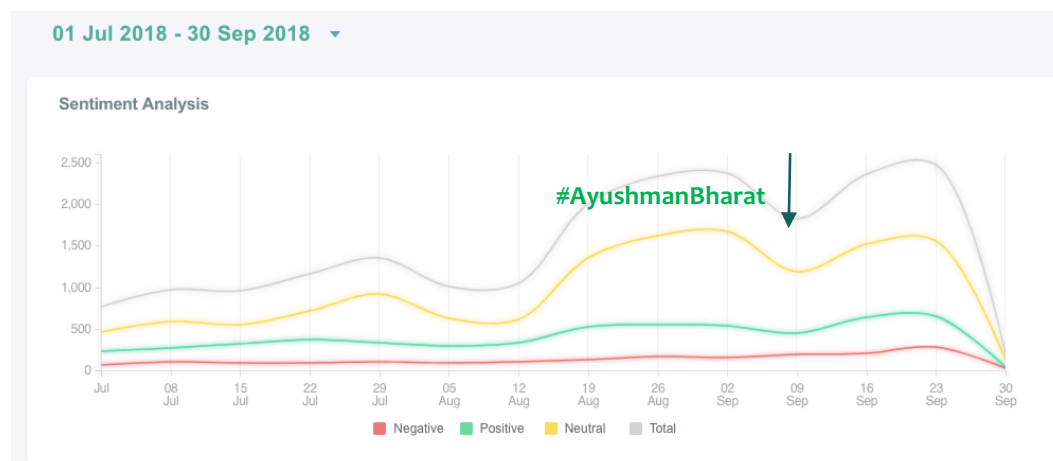


Figure 1: Consumer sentiment for the insurance industry. The peak in September is due to the announcement of the public insurance scheme of Ayushman Bharat.

Methodology

The Auris platform for consumer insights was used to create this report. A total of 20,700 conversations around insurance related topics were captured. These conversations were captured from across mediums such as social, news, review boards and industry/consumer blogs. The platform's interactive dashboard was used to dive deep into topics, subtopics and issues and its visualizations were used to show the insights.

No specific brand keywords were used to avoid bias in the data. The motivation was to listen into conversations around "insurance" rather than around specific brands.



Themes captured from consumer conversations

Consumer conversations around insurance in India were around some important events and announcements. The significant ones were:

1. **Policy:** The announcement of the Ayushman Bharat scheme by the Government. This dominated the discussions and has seen a mixed response¹. While there has been appreciation for the initiative, but analysts have been skeptical about the practical. implementations and the overall question around "where's the money to fund this".
2. **M&A:** The announcement of Manipal taking a stake Cigna's joint venture in India was an important news in the industry². This marks Manipal Group's entry in the insurance space in the country.
3. **Technology:** ICICI Lombard's announcement of using AI for handling the claims process was met with a lot of excitement from the industry analysts and

¹ Announcement of the Ayushman Bharat policy in India:

<https://economictimes.indiatimes.com/wealth/insure/ayushman-bharat-how-to-check-entitlement-and-eligibility/articleshow/65422257.cms>

² Manipal's investment in CignaTTK:

<https://economictimes.indiatimes.com/industry/banking/finance/insure/manipal-group-takes-a-stake-in-cigna-ttk/articleshow/65668364.cms>



influencers³. Tata AIA's announcement of using humanoids for customer service also saw some coverage⁴.

4. **Distribution:** Bharti AXA and the Pradhan Mantri Jeevan Jyoti Bima Yojana (National Term Insurance by the Government of India) tie up to enable policy distribution and payments throughout the country using Airtel's payment bank infrastructure⁵.
5. **New product launch:** New product announcements led to some buzz both in media and amongst consumers. Apollo Munich's cancer specific product garnered a lot of buzz⁶.

Hot Topics



Figure 2: Important themes which feature in the overall buzz

³ ICICI Lombard and use of AI in the claims process: https://www.business-standard.com/article/news-cm/icici-lombard-launches-india-s-first-ai-to-automate-instant-health-insurance-claims-118082000970_1.html

⁴ Humanoids for customer service: <https://www.thehindubusinessline.com/money-and-banking/tata-aia-life-keen-to-to-deploy-humanoids-for-customer-services/article24272445.ece>

⁵ Bharti AXA, Airtel Payments Bank to facilitate payments for the Public Term Insurance policy: <https://timesofindia.indiatimes.com/business/india-business/airtel-payments-bank-bharti-axa-life-ally-for-govts-insurance-scheme-pmjjby/articleshow/65423197.cms>

⁶ Apollo Munich's launch of a cancer only product – iCan: <https://www.thehindubusinessline.com/money-and-banking/apollo-munich-health-launches-cancer-specific-insurance-plan/article25050279.ece>

Insights from the buzz around Ayushman Bharat

The flavor of the conversations in the period July through September 2018 was around Ayushman Bharat, the equivalent of Obamacare in the USA. The below buzz and sentiment movement shows the peak during the announcement in September.

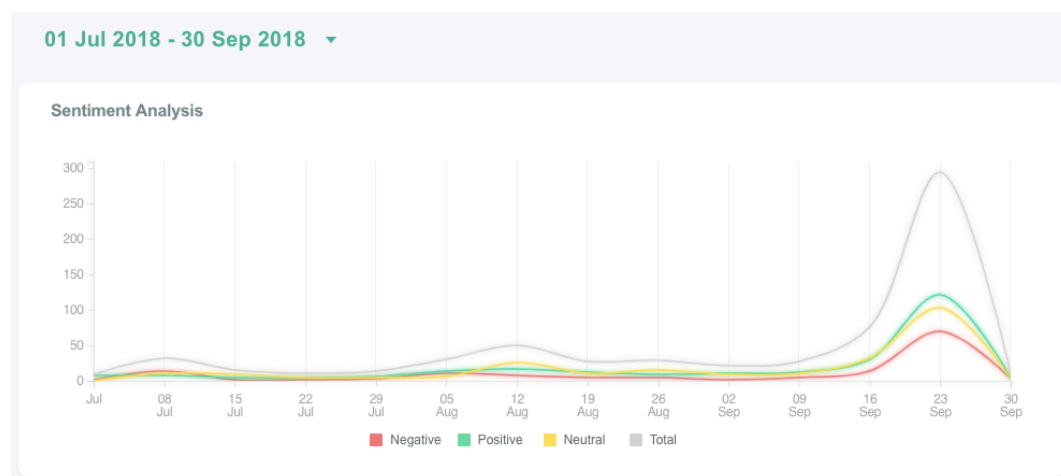


Figure: The buzz around Ayushman Bharat peaked around the official launch in Sep 2018

The sentiment around the announcement was mixed, though more positive. While the scale and magnitude and the likely benefits for the healthcare ecosystem have been discussed very positively, the policy has been critiqued because of the quantum of funds needed to make this work and the readiness of the providers to cater to such a large population of patients. Further the announcement's political overtones led to a polarized opinion amongst those who engaged in conversations around the scheme.



Most of the buzz around Ayushman Bharat was in the news channels and an equal volume of channel on social.

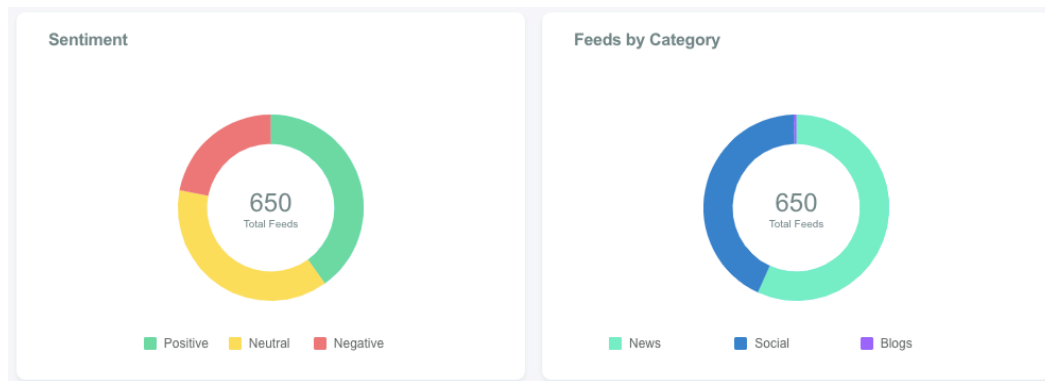


Figure: Mixed sentiment around Ayushsman Bharat. Buzz largely in news, followed by social.

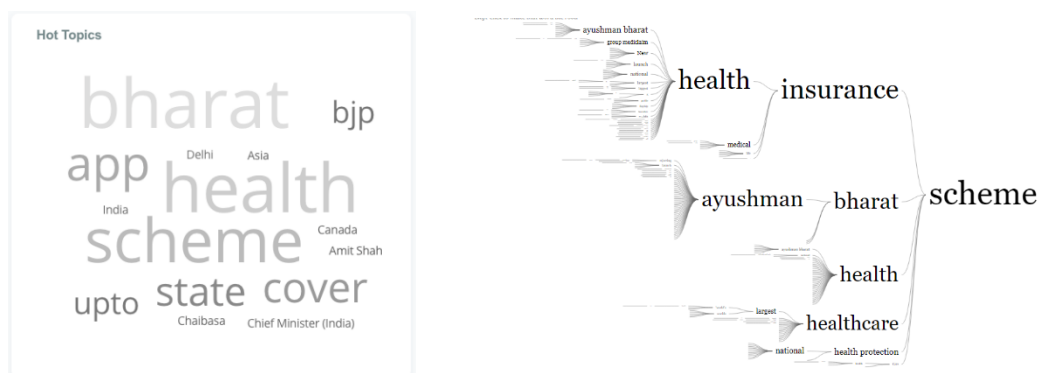


Figure: A word tree characterizing the conversation around insurance “scheme.”

Other industry insights from the conversations

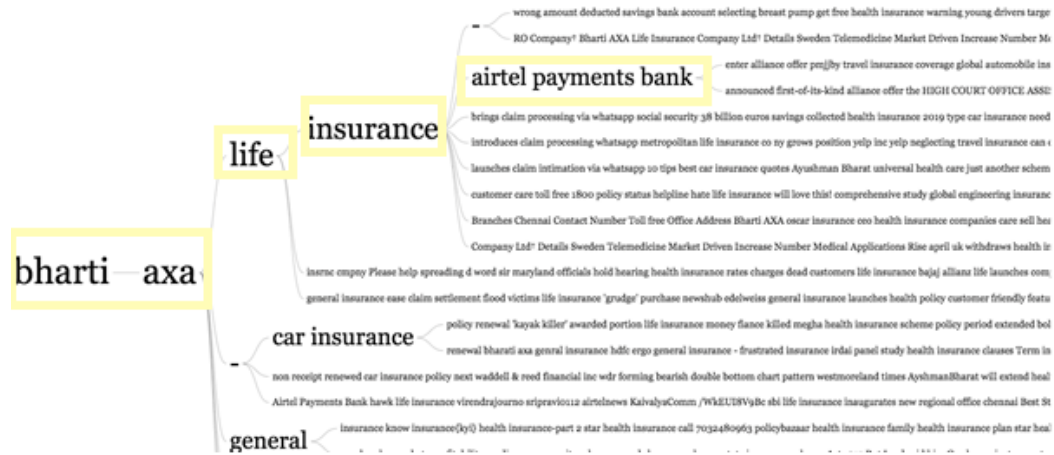


Figure: Word tree around Bharti AXA illustrates the buzz is around its tie up for distribution of Government's term insurance plan



Figure: TTK's buzz around its transaction with the Manipal Group

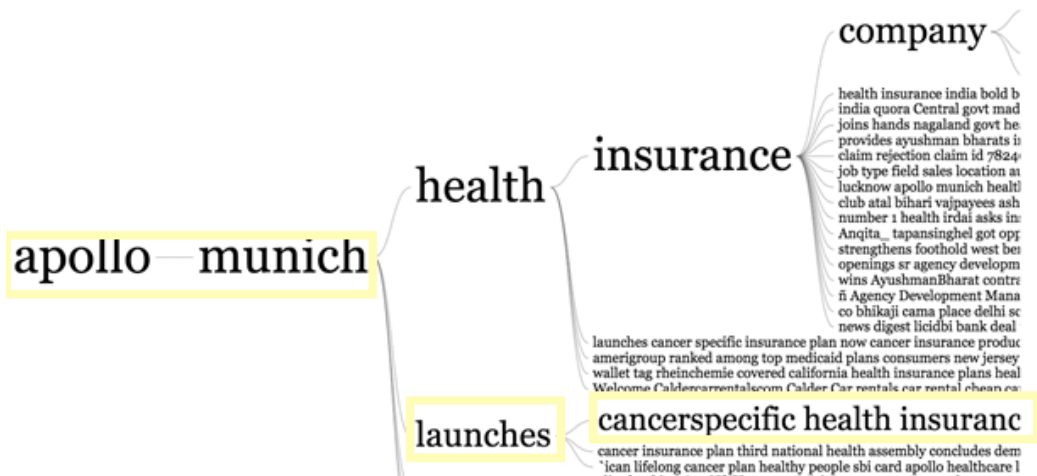


Figure: Apollo Munich's launch of cancer specific health insurance

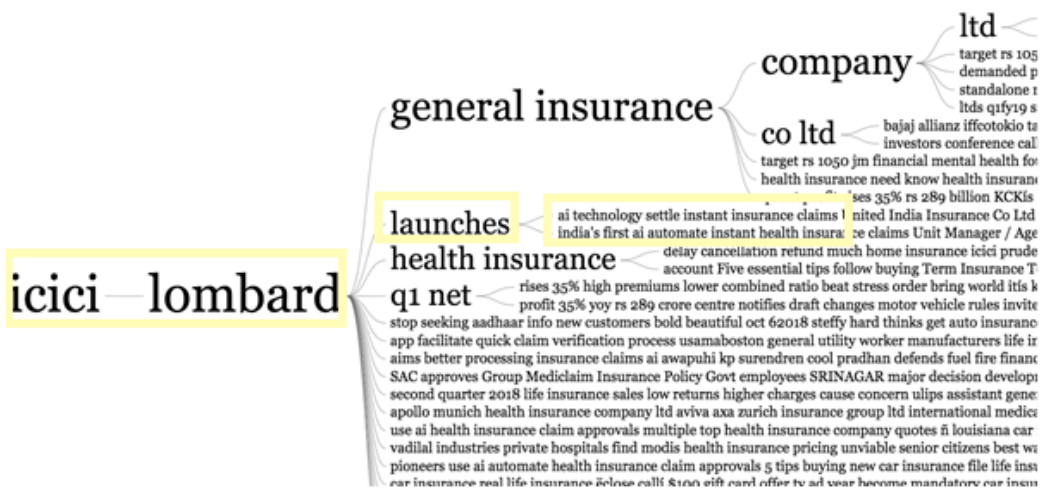


Figure: ICICI Lombard's AI foray to automate processes within insurance

Where's the buzz happening?

Delhi/NCR region was the largest contributor to the buzz and by a large margin. Mumbai was in the second place but at less than half of the buzz in Delhi/NCR. Bangalore was a distant third (Figure 3).

An encouraging sign is that the buzz around insurance is happening in Tier II, III towns as well, which is a leading indicator of increasing penetration of the category in semi-urban India (Figure 4). Considerable conversation volume is happening in Tier II cities such as Jaipur, Dehradun, Amritsar, Coimbatore, Kochi, Mysore, Surat and Indore. Buzz in Tier III towns such as Chandranagar, Jabalpur and Bhatinda reflect the growth potential in these markets. Most of the buzz in these markets are in vernacular.

Location based Mentions

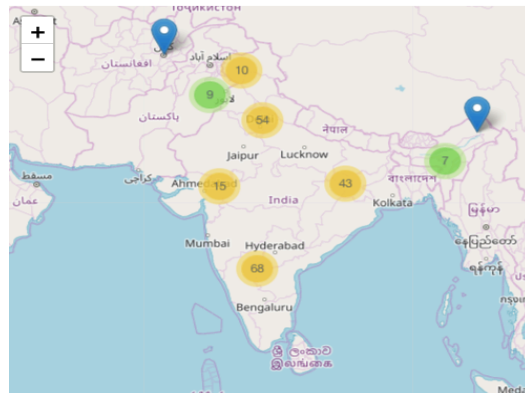
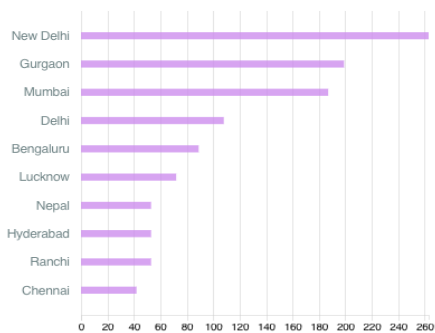


Figure 3: Geographical spread of the buzz. Delhi/NCR is the dominant region.

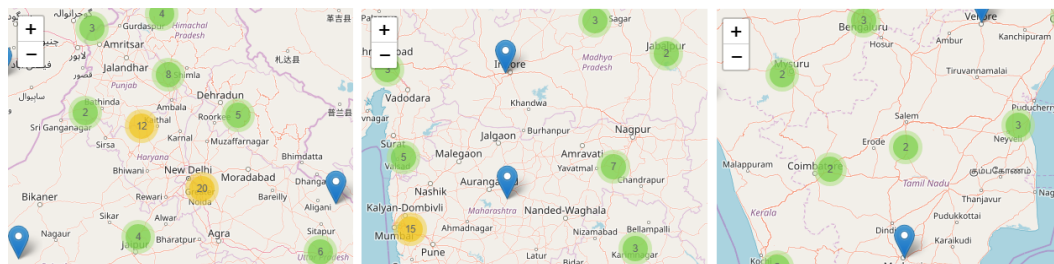


Figure 4: The consumer buzz on insurance in Tier II, III towns from different parts of India.

Overall consumer satisfaction with the industry

The overall net promoter score for the insurance industry stood at a poor 15%. The negative scores are primarily driven by a variety of tangible and intangible factors. High premium prices, poor customer service and lack of transparency in the claims handling process are the primary drivers. The movement of buzz volume and sentiment is shown in Figure 1. The root cause of poor consumer sentiment is shown in Figure 4.

The Indian insurance NPS is poorer versus that in the USA, where the NPS stood at 20% for the year 2018⁷. The poor satisfaction is to do with both the gap between consumer expectations and delivery by the insurance provider as well as the fact that insurance is ridden with misselling. Some charts in the subsequent sections illustrate this.

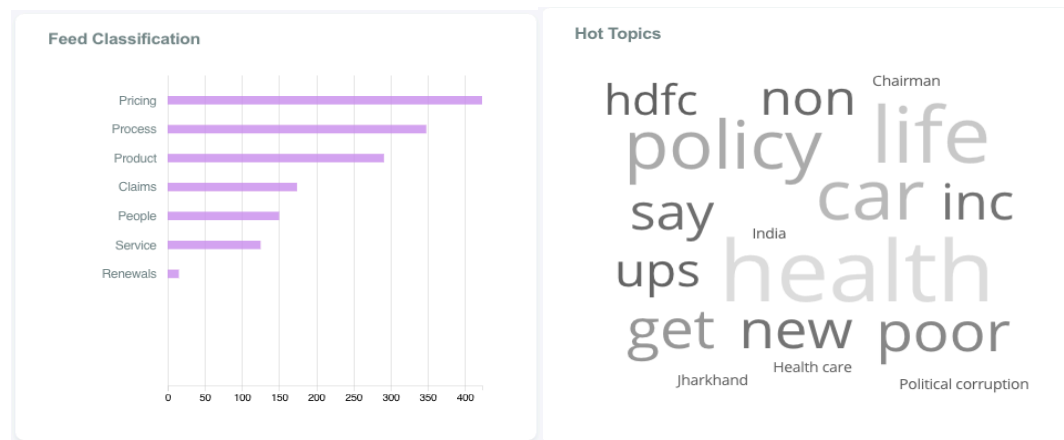


Figure 5: Factors driving the negative consumer sentiment. The buzz cloud relates to the negative buzz. Health insurance outweighs life and auto insurance in the negative chatter.

⁷ NPS Benchmark in the USA: <https://www.inavero.com/2018-insurance-nps-benchmarks/>

The net promoter score is a spread, with a healthy 35%-40% for players such as IFFCO-Tokio and a high negative score for HDFC. Most of the dissatisfaction is related to misselling and non-transparent processes.



Figure: Conversations around HDFC showing the root cause of the low NPS.

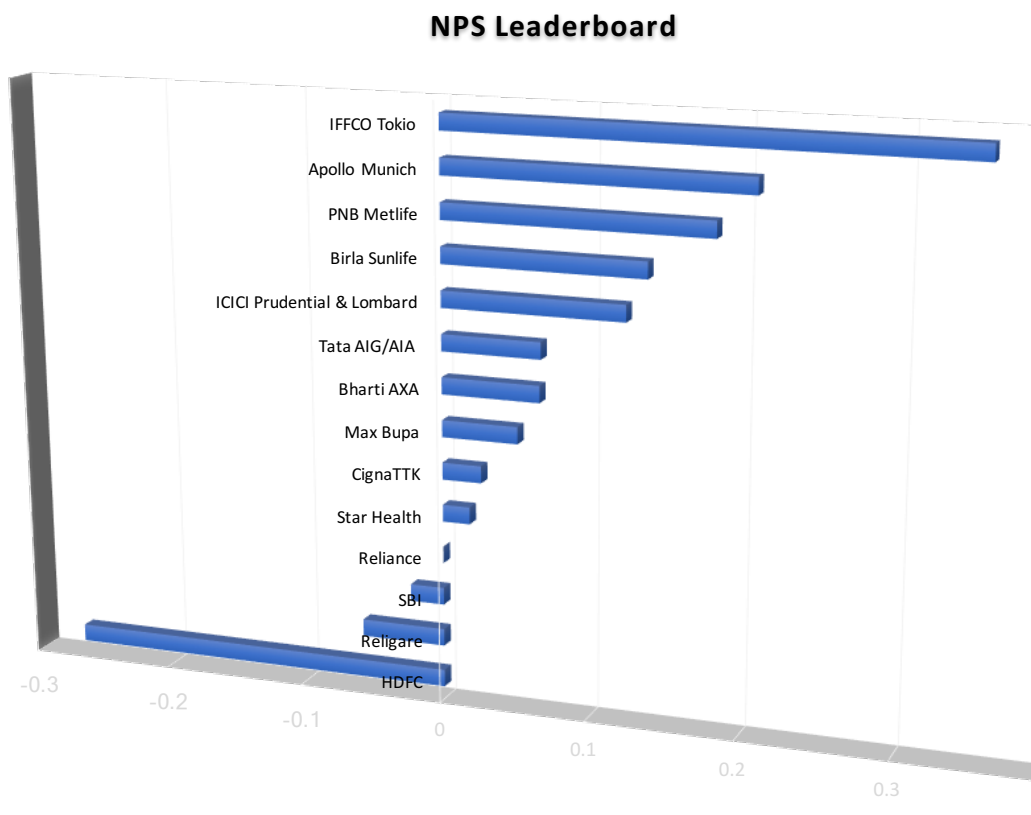


Figure: The Net Promoter Score (NPS) for leading insurance players

A deeper dive into negative discussions around claims reveals the following: there is a correlation between NPS and the number of claims related complaints. Using the count of the issues and complaints related to claims a claim index has been computed and is shown below.



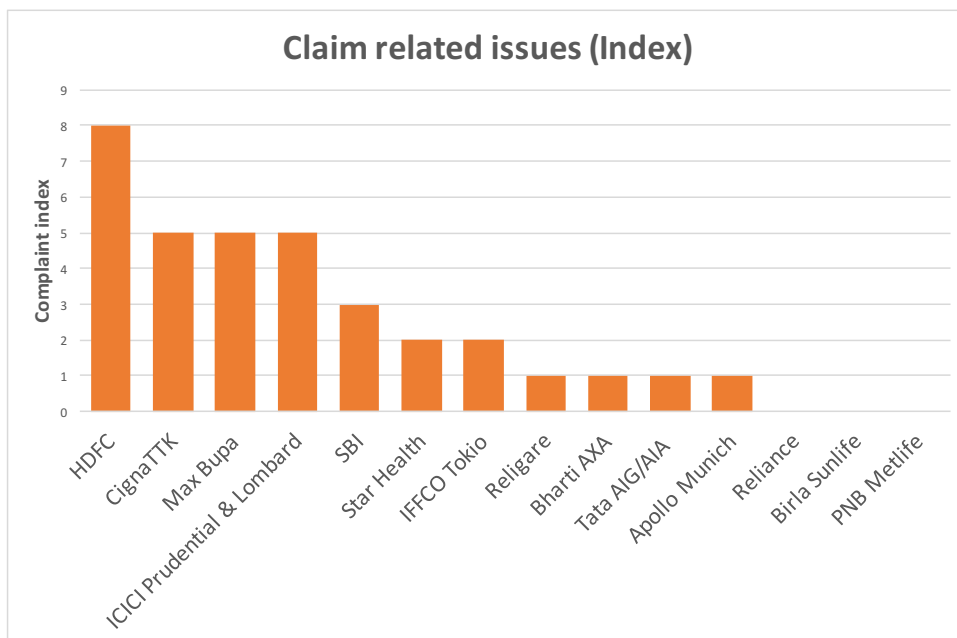


Figure: A claims related complaint index created by normalizing the numbers across players

In fact, the NPS scores also correlate with the actual claims-ratio of the players. Incurred claim ratio for SBI, Religare and HDFC were less than 55% in sharp contrast to IFFCO Tokio with a ratio of 104.3% or Aditya Birla with 110.7% for the previous financial year⁸.

⁸ Incurred claims ratio for players: <https://www.relakhs.com/latest-health-insurance-incurred-claims-ratio-2016-17/>

Competitive landscape and share of buzz

The conversations around insurance related topics brought out players who were being discussed. Leading the discussions in the period of July through September 2018 was the TTK group due to the buzz around the transaction between TTK and Manipal Group. This was followed by ICICI Prudential and Lombard and by Apollo Munich.

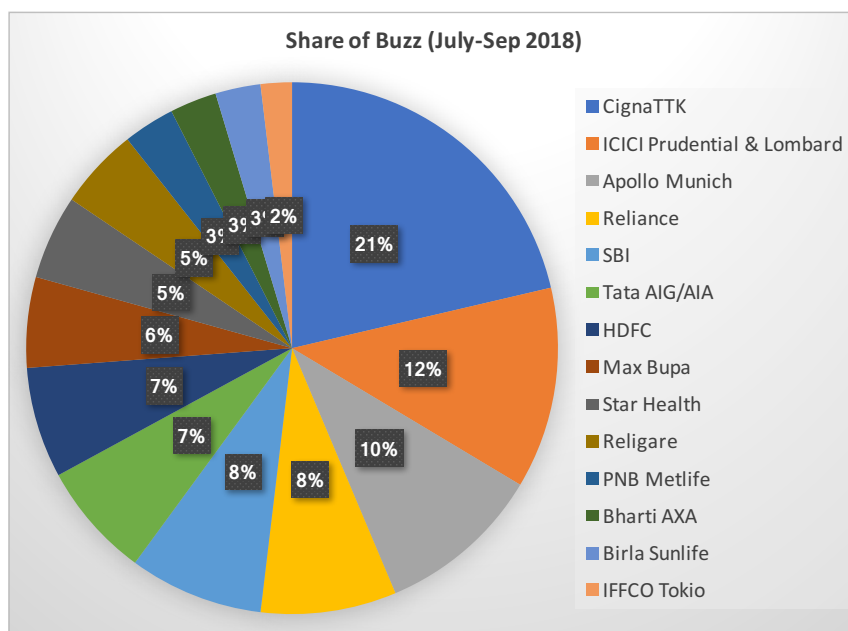


Figure: Share of overall buzz by industry players

Share in press/news mentions had some other players come into the leaderboard. Tata AIG, AIA and Max Bupa also feature due to extensive news coverage on these brands. This included Tata AIG's plan to insure to provide cover to the UberEATS fleet⁹. Tata AIA's announcement of using humanoids for customer service also created a buzz¹⁰.

⁹ Tata AIG provides cover to UberEats fleet: <https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/ubereats-ties-up-with-tata-aig-to-offer-insurance-to-delivery-fleet/articleshow/65836582.cms>

¹⁰ Tata AIA's plan to provide customer service using humanoids: <https://www.thehindubusinessline.com/money-and-banking/tata-aia-life-keen-to-deploy-humanoids-for-customer-services/article24272445.ece>

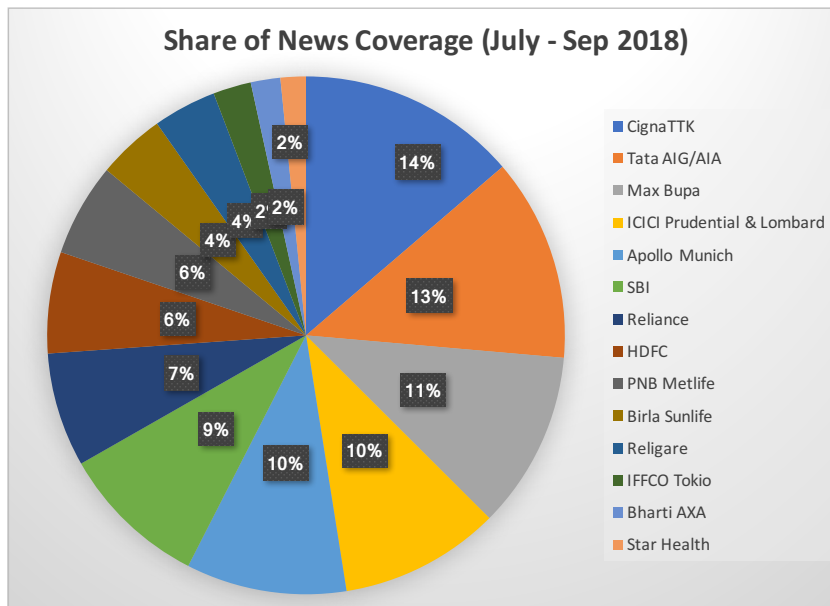


Figure: Share of news coverage by industry players

Conclusion

A variety of insights have been curated using the Auris platform. The important learnings related to the important themes which excite people. Besides public policy which has far reaching impact (and therefore creates a strong buzz), conversations have been around technology and new product innovation.

An encouraging trend is the participation of consumers from Tier II, III towns and conversations in vernacular. Industry participants might take note of the pockets where there is awareness about the category and launch specific products and campaigns for these areas.

Data reveals the mistrust in consumers stemming from non-transparent processes which leads to a gap between expectations and actual service delivery. Those who are at the bottom of the NPS leaderboard should focus on processes to monitor and respond to their customers. The industry needs to work together to bring the overall satisfaction and trust in the category up, much above the current overall NPS score of just 15%.