Assisted Distribution:

Changing the face of insurance sales

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Confederation of Indian Industry

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Foreword

The insurance industry has been at the forefront of economic development in India. Gross premiums have grown at a compound annual growth rate (CAGR) of 6.2% over the last decade,[1] pushing the Indian insurance industry into the league of larger economies globally. During this period, customer behaviour has changed significantly. Nearly 25% of customers avail of digital channels not just to understand but also compare the various insurance products.[2] Further, enterprises have become more connected and aware through the rapid adoption of the Internet of things (IoT) and other devices.

The connected world and the rise of digital technologies mark the dawn of a data-driven era and enable insurers to often make judicious decisions with financial rewards. Today's customers are prompted with relevant information even before they identify a need and have greater access to information anytime and anywhere. These developments have intensified the competition among insurers. In addition to the lack of brand loyalty in the insurance sector, another challenge is that consumers now expect exemplary service to be seamlessly delivered across a range of communication touchpoints.

A significant way in which insurers are transforming themselves to adapt to the digital world is by enabling distribution partners and changing the way the traditional face-to-face sales model works. The evolving insurance sales process now encompasses a customer-centric approach instead of a product-led approach. Such an approach requires extensive understanding of customers' financial needs and their current financial situation, ease of use and the ability to analyse data in order to identify a solution that caters to the customer's requirement.

Primarily, there are two major shifts in the insurance sales approach meant to enable insurers to be fit for future:

1. Shift from product sales to relationship-based selling and subsequently to expertise-based selling.
2. Shift from plain script-based selling skills to behavioural skills and subsequently to expert financial advisory skills. This entails having a strong understanding of the market and the ability to interpret a significant amount of market/economic data to provide advice.

These shifts have led to a more sophisticated advisory process. Digital solutions are being adopted, given the need to model and process huge volumes of data. To be fit for future, distribution partners will need to equip themselves to use tools that enable them to leverage a significant amount of economic, financial, demographic and behavioural data and offer data-driven advice.

Also, customers are changing fast and are demanding more choices at a more rapid pace and lower costs. Levels of stickiness and brand advocacy have reduced significantly in the financial services industry. So it is imperative for an organisation to necessarily create value-added propositions. Therefore, insurers will have to focus on the following value-added propositions going forward:

- Personalised and well-informed interaction: Engagement with the customer will need to be improved qualitatively and tangibly by demonstrating data-driven simulations on a real-time basis. Customers should be able to see relevant product fitment in their financial life and should be provided with an option to dynamically modify products.
- Insightful journey: Insurance awareness has been low in general. The 'customer of the future' will want to understand products in a very simple fashion. The sales process would have to ensure that customers are guided in the right direction based on their life stage/profile and data on their insurance habits.
- Paperless environment: Insurers of the future would have to ensure seamless processes and simple one-stop solutions to meet most customer needs. They will also have to ensure end-to-end straight-through processing of policies to improve TATs and overall customer experience.
- Social integration: With the increased adoption of digital and social media, there is significant potential for both lead generation as well as continuous engagement. Insurance agents need to integrate their social media presence with advisor platforms in order to help establish an advisor brand recall in the minds of the customers and thus build trust in their client relationships.

Given this backdrop, this report elaborates on the distribution challenges faced by the insurance sector. It also identifies the key considerations for defining a future operating model as insurers move up the growth curve. The report suggests that provision of layered assistance based on the specific needs of distribution partners will help improve their sales efficiency and lead to better adoption. In view of its relevance, this report will generate animated discussions among insurance leaders on the layered assisted sales model and the effectiveness of such a solution for insurers, their employees and distribution partners.

1 PwC analysis

2 PwC. (2014).Insurance 2020: The digital prize – Taking customer connection to a new level. Retrieved from https://www.pwc.com/gx/en/insurance/publications/assets/pwc-digital-non-life.pdf

Insurance sector in India

01

A significant opportunity

The future of the insurance industry looks promising, with several changes such as tax incentives on insurance products, amendments to make the sector attractive for foreign participants and a move towards open architecture for larger penetration being made to the regulatory framework. Demographic factors such as an expanding middle class, young insurable population, growing awareness of the need for protection and retirement planning will support the growth of the Indian insurance sector.

A young and growing insurance population is a blessing for Indian insurers, who can offer a complete suite of insurance products to customers throughout their life cycle, thus creating a large potential market for insurance products. In 2017, India's life insurance penetration stood at 2.76%, while non-life penetration was at 0.93%. Evidently, the sector has the potential to grow exponentially in the coming years.[3]

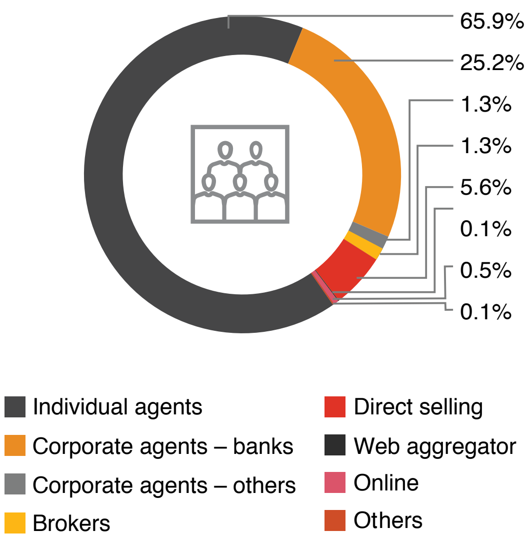
Distribution mix

In terms of premium, more than 99% of life insurance policies are sold through face-to-face distribution[4] and for the remaining 1%, premiums are paid through web aggregators or online channels. In terms of number of policies, the share of face-to-face distribution reduces to 98.75%, and online and web aggregator channels contribute 1.25%.[5]

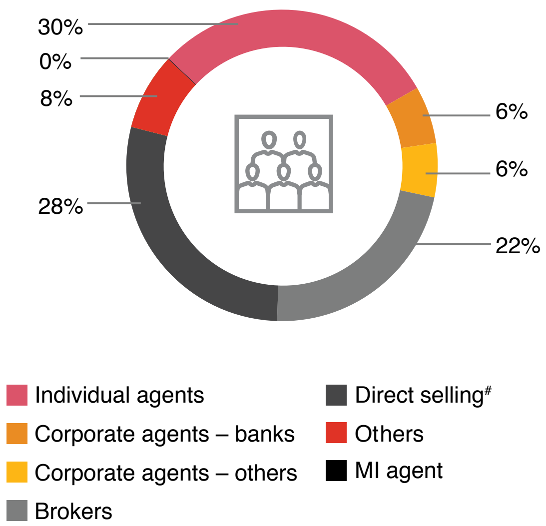
For the non-life insurance sector, the major contribution is from face-to-face channels such as agents and brokers.

Distribution mix for the insurance sector

Premium-wise life insurance mix



Premium-wise non-life insurance mix



Source: IRDA Handbook FY18, IRDA Annual Report FY18
#Some part of this is through online channels and web aggregators.

These figures establish the importance of face-to-face interactions with the customer in the insurance sector. Today's customer has access to several digital and technological platforms for purchasing products. This behaviour is becoming increasingly pronounced and it will have an impact on how customers and sellers interact in the future.

3 IRDA Annual Report, 2018
4 Face-to-face distribution includes individual agents, corporate agents (banks and others), brokers and direct selling.
5 IRDA Handbook - 2018

Insurance distribution at a crossroads

02

Like any other industry today, the insurance industry is also undergoing significant changes, leading to concerns among insurers across the globe. According to PwC's 22nd CEO Survey on potential business threats, 31% of insurers were extremely concerned about the speed of technological changes, 21% see constantly changing consumer behaviour as a major challenge, and 10% are losing sleep over new market entrants.[6]

The rise of InsureTech companies, enhanced ecosystem-led distribution models, digital offerings by new age banks and non-banking financial companies (NBFCs), and regulatory changes such as a move towards open architecture have made this business quite competitive. Further, changing customer behaviour has forced traditional insurers to rethink their existing strategies and distribution models and leverage complementary capabilities effectively to build a successful 'distribution model of the future'.

Changing behaviour of the Indian customer

Irreversible changes in consumer behaviour led by rapid adoption of smartphones (expected to almost double from 468 million in 2017 to 859 million by 2022[7]) and the Internet are forcing insurers to innovate and change their operating models. India's young population (65% of the population is below 30 years) and cheap Internet data (at USD 0.26 per gigabyte, Internet data in India is the cheapest in the world[8]) are the reasons behind the huge Internet user base of around 357 million in 2017, which is going to increase to almost 840 million by 2022.[9]

Customers are better informed as they have easier access to information. As a result, insurers will need to shift from product centric to customer-centric business models and value propositions. The evolution of e-commerce has changed the way customers research, compare and make decisions on products and services they want to buy. In the insurance sector specifically, aggregators and other distribution intermediaries have made insurance-related information available at customers' fingertips, allowing them to make informed product choices as per their individual needs.

Customer today.....

...wants to make an informed decision

35%

growth in searches for product reviews

...wants to make a faster decision

120%

growth in searches for 'same-day shipping'

...wants to have a tailored experience

60%

growth in searches '____ for me' searches

Source: Think with Google report (July 2018) (https://www.thinkwithgoogle.com/consumer-insights/)

Continuous and relevant engagement with customers is becoming more important than ever to ensure higher brand advocacy, leading to retentions, renewals and higher product holdings. Ensuring that high-value channels meet this evolving customer expectation while being efficient and productive is important for insurers.

6 PwC. (2019). 22nd Annual Global CEO Survey Trend Series. Retrieved from https://www.pwc.com/gx/en/ceo-survey/2019/Theme-assets/reports/pwc-2019-ceo-survey-insurance-report.pdf

7 PwC. (2018). Video on demand: Entertainment reimagined. Retrieved from https://www.pwc.in/assets/pdfs/publications/2018/video-on-demand.pdf

8 Roy, Prasanto K. (18 Mar 2019). Mobile data: Why India has the world's cheapest. BBC. Retrieved from https://www.bbc.com/news/world-asia-india-47537201

9 Cisco. (2018). VNI Complete Forecast Highlights. Retrieved from https://www.cisco.com/c/dam/m/en_us/solutions/service-provider/vni-forecast-highlights/pdf/India_Device_Growth_Traffic_Profiles.pdf

Technological advancements

For seamless interaction with the customer, more than 80% of CEOs have made artificial intelligence a critical part of their business model or would be doing so in the next three years.[10] IoT devices can change the way a customer buys insurance by sending real-time information related to customer behaviour to the insurer. These technological advancements are changing the way products and services are defined, delivered and used. The adoption of robotic process automation, artificial intelligence, analytics, the Internet of things and Blockchain is going to influence established businesses. While this will create significant competitive and operational challenges, it will pave the way for innovation and improving customer engagement and experience, reduce cost and bring in operational efficiencies.

Adoption of InsureTech

With the aim to reduce customer pain points, new startups are coming up with new age solutions. These solutions not only provide excellent customer service but also provide faster and cheaper alternatives to traditional insurance. For instance:

- Use of drones to capture pictures to identify property and problems associated with it
- Use of automated insurance agen ts (chatbots) to offer insurance policies[11]

InsureTech drives seller collaboration

Increasingly, insurers are dealing with a range of providers (data, distribution partner, claim risk management) in order to run the business in a more efficient manner. In such scenarios, it becomes imperative to allow an agile integration of these partners into an insurer's platform. Such a platform also fosters stronger tie-ups with sellers who have invested in their own selling platforms resulting into faster exploration, integration and faster speed to market. Insurers are increasingly looking to develop the following capabilities:

- Creating more value, by building bridges for the ecosystem
- Agile integration to bring sellers (fintech partners, aggregators, brokers) and insurer on to a single platform to efficiently bridge the demandsupply gap
- Enabling open technology platforms to orchestrate partnerships requiring minimal effort from sellers as well as insurer
- Continuous monitoring of partnership to ensure profitability. Consistent scanning and scouting of new fintech partners to provide maximum ROI

New business model and distribution trends

With the advent of new business models like peer-to-peer and digital insurance, insurance companies are now more open to strategic alliances and to partnering with various ecosystems of collaborators. Sales and servicing of customers via these channels will be very different from the way the customers are conventionally handled. In fact, this would require a complete reimagination of the distribution ecosystem.

- Peer-to-peer (P2P) insurance is bringing people with the same insurance need(s) together by creating a pool of capital. In case of a loss, money from the pool is used to cover the losses and since everyone in the group knows one other, the chances of a claim being rejected are lower, thus leading to a safe policy compared to a traditional one.
- Companies opting for self-insurance do not pay regular premiums to insurance companies and instead pay out claims for each self-insured employee through a specially set up fund. While this model was restricted to some organisations earlier, with the emergence of new technologies, self-insurance can become a viable method for a wider set of businesses.

01

P2P insurance
Pool of premium for same insurance need people

02

Digital insurance
Insurance as added feature

03

Self-insurance
No third-party premium, insuring with separate fund

10 PwC. (2019). 22nd Annual Global CEO Survey Trend Series. Retrieved from https://www.pwc.com/gx/en/ceo-survey/2019/Theme-assets/reports/pwc-2019-ceo-survey-insurance-report.pdf

11 https://www.pwc.in/assets/pdfs/publications/2017/new-age-insurers-are-technology-and-data-driven.pdf

- Digital insurance is fast enabling insurance on the go by eliminating the need for customers to visit a website or an insurance seller. For instance, cab-hailing service providers are offering insurance to customers for the duration of their journey.
- New insurance intermediaries Insurance distribution is becoming more broad-based everyday with the entry of e-commerce players, telcos, InsureTech companies, social engines, etc. Well-established players could benefit heavily from these firms by leveraging their ability to provide a seamless customer experience using new service concepts like robo-advisors. The incorporation of FinTech solutions may additionally result in a better client experience as well as an increase in integrated customer engagement touchpoints. Currently, FinTech is mainly restricted to buying, billing and claim processing.

Increased use of technology in reinsurance

One of the important aspects of commercial insurance sales is interaction with the reinsurance entity. The complex sales process requires trust and transparency between multiple involved parties (customer, broker, insurer and reinsurer). Blockchain may be an effective solution in this space because of the way the technology works. It is distributed, immutable and helps mitigate risk associated with single ownership. It can enable seamless exchange of information, acceptance of terms and conditions, pricing structures and risk management processes. Use of such technology in commercial insurance distribution has the following advantages:

- Reduced disputes due to time stamped audit trail
- Reduced duplication, manual flow and regulatory reporting
- Safer for policy holders, as they can show immutable record of their being insured
- No single point of failure/processing bottleneck in a process[12]

Future of insurance distribution

In light of the changing customer preferences, regulations and technological advancements, new business and distribution models have to be imagined. Some new age insurers are attempting to provide a seamless and superior customer buying and servicing experience using digital platforms and revamped ecosystems. These ecosystem changes are pushing traditional insurers to augment the capabilities of the current face–to-face distribution model. We believe that the future of insurance distribution in India will centre around three prominent models:

1. Self-directed distribution: The growth of a tech-savvy customer base is resulting in a focus on the ready availability of advice/transaction capabilities through multiple channels, especially the online channel. This distribution approach relies on engaging the user, ensuring comfort, providing convenience and encouraging independent decision making and self-service. The approach leverages data from diverse sources in real time to offer a personalised experience.
2. Assisted distribution: Face-to-face distribution models will increasingly move towards tech-assisted models where technology will be significantly integrated with the provision of advice. The approach will ensure empowerment and enablement of sellers. It also relies on the adoption of such platforms and extension of support to drive better engagement during seller-customer interactions.
3. Affinity-based distribution: Sustained low penetration levels in insurance will lead insurers to further review of partnerships in order to provide services beyond the sale of insurance products, leading to fulfilment of customer goals (e.g. fitness-linked health insurance premium). These partnerships will need to be carefully evaluated for affinities so that they see significant adoption and scale.

The above models will work in tandem and can be used by insurers depending on the geography or segment they are targeting. However, since insurance and banking products are quite complex, even simple services require manual assistance. A study by PwC suggests that 55% of people prefer to buy policies from a broker/agent which is the primary channel for face to face distribution.[13]

Hence, we believe that insurers will need to focus on an assisted distribution approach over the next 3–5 years in order to make an impact on existing customers and acquire new customers. Assisted distribution should not be confused with mere 'mobile and tablet enablement' of sellers, which has been in place for quite some time and has been an effective tool in building familiarisation with digital tools. Insurers will have to work simultaneously on people, process and technology to make this approach effective, and will have to ensure that this approach results in a customer oriented solution such that it is able to cater all the needs of the customer.

12 https://www.pwc.com/gx/en/financial-services/pdf/how-blockchain-tecnology-might-transform-insurance.pdf

13 PwC. (2019). Competing in a new age of insurance: How India is adopting emerging technologies. Retrieved from: https://www.pwc.in/assets/pdfs/consulting/financial-services/competing-in-a-new-age-of-insurance.pdf

Dynamics of face-to-face distribution

03

Face-to-face channels of sales would continue to dominate due to customer preferences for buying insurance, despite a significant change in other products. It's important for insurers to examine some of the foundational and core challenges and identify efficient solutions for them.

Attractiveness of insurance as a career option	Activation and retention	Productivity
How to re-invigorate the entrepreneurial spirit to attract talent to careers in insurance sales	Loss of interest in insurance sales as a career due to falling incomes or availability of other options	How to keep the funnel of prospects moving and enhance productivity per customer

Attractiveness of insurance as a career option

In an age of start-ups and with self-employment having become a buzzword, especially amongst the millennials/Gen Y, commission-led agencies or a salary-based face-to-face insurance sales model has low appeal as a career option. Although multiple opportunities are available to insurance agents in terms of job security, income viability, growth and learning, there has been no major increase in the motivation of job aspirants. In fact, the number of independent insurance agents has dropped from 21.22 lakhs in FY13 to 20.83 lakhs in FY 18.[14]

Insurers have taken steps to market the profession well and enable enrolment even with low academic qualifications (typically high school), more needs to be done in terms of projecting insurance sales as a viable and attractive career option and thus attract prospective agents from varied segments, especially Gen X and Gen Y.

Activation and retention

Due to the long-term nature and possible complexity of the features of insurance products, sellers perceive them to be more complex than other financial products. In addition, there could be a mismatch between the product features and the agent's ability to provide a viable solution to customers. This could have a direct impact on the earnings and thereby result in a loss of interest in the profession. Even with a more financially literate group of sellers – for example, a banker – matching the right product to the right need at the right time could become very complex, owing to the large product portfolio available with different margins.

Productivity

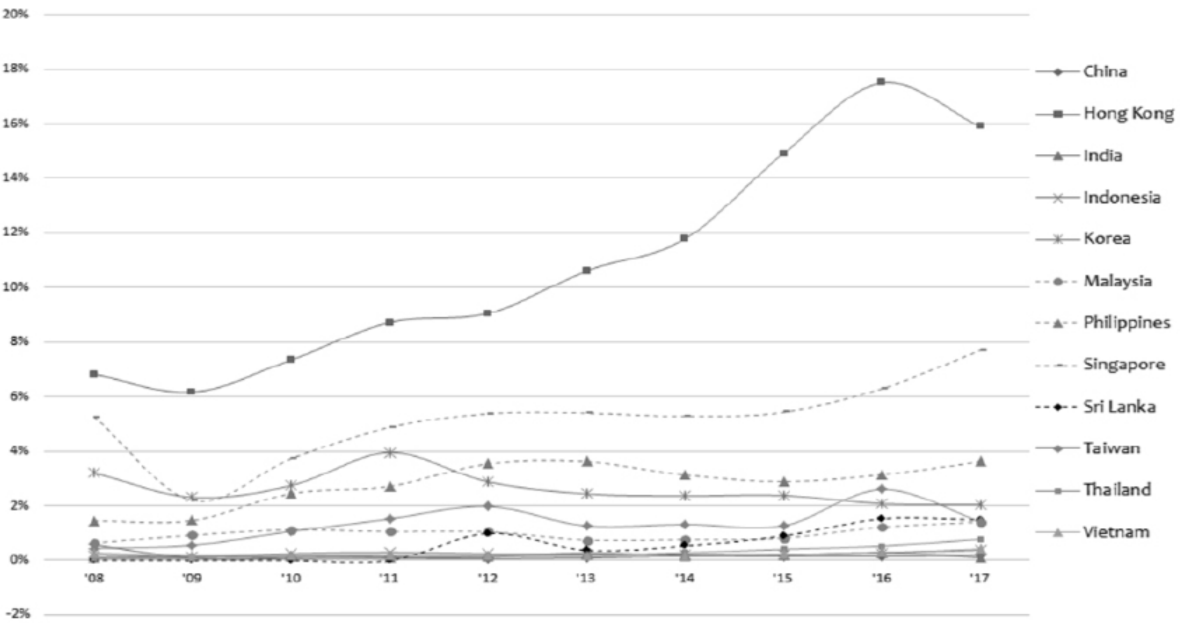
Individual agents form a major part of insurance sellers in India. However, their productivity has been a huge concern for the insurance sector. Productivity of agents in India remains less than their Asian counterpart (As shown in the graph, % of MDRT* members as total agency population of India is very low compared to their Asian counterparts[15]) mainly due to lack of information, poor time management and insurance sales being regarded as a secondary source of income. This hampers agents' ability to reach out to more customers, leading to frustration and low sales and productivity. This low productivity is often reflected in higher time spent per meeting, low sales conversion rates and smaller ticket size.

14 IRDA Annual Reports, 2013 and 2018
* For becoming MDRT member you have to be among the top insurance sellers (in terms of premium) in the country
15 AAN Team. (5 Sep 2018). Diving into agency force numbers and quality in Asia. Retrieved from https://www.asiaadvisersnetwork.com/Article/aid/44071/Diving-into-agency-force-numbers-and-quality-in-Asia

Sales through the banking channel have reaped good results in recent times. However, leveraging of bank partnerships varies significantly across the insurance industry, perhaps due to:

- Difference in sales and prospecting approaches for banking products vs insurance products
- Level of understanding about third-party (insurance) products among banking staff and the ability to handle customer queries about complex products
- Inherent conflict with bank products like fixed deposits, saving schemes and investment products
- Lack of governance and a disciplined approach towards the growth of the insurance business
- Lack of process integration with insurers resulting in processing delays
- Limited use of analytics and technology to identify potential insurance needs and best-fit solutions

MDRT membership as a percentage of the agency population



Source: Asia Advisers Network report[16]

Risks in the insurance business

Due to increased customer awareness, regulation and evolving technologies, insurers are facing new challenges. This has made the insurance industry revise its risk strategies. We can define these risks briefly as follows:

- **Cyber security:** The biggest risk that companies face today is theft of consumer personal data or financial information of the company. Technology failure may lead to loss of intellectual property rights and reputational and financial damages for the company.
- **Change management:** Managing customer expectations and keeping the pace with evolving business models and technologies are difficult for a company.
- **Competition:** Entry of new global players, InsureTechs and adoption of digital platform by various companies will present intense competition for the traditional players. These are offering low-cost products with good services to the customers, which may result in loss of customers for traditional insurers.

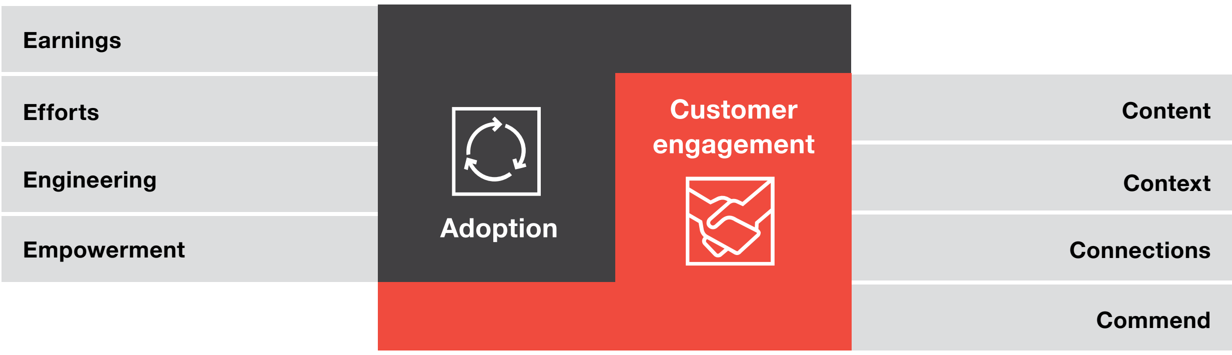
Insurers will have to think innovatively to mitigate these risks. For instance, Blockchain has considerable application in this industry. It can be used to detect fraudulent behaviour and to monitor the claims history and confirm customer authenticity. Further, AI could be used to enhance customer experience by automating the claim-handling process. It can also empower key processes such as asset management and risk calculation and prevention.[17]

16 AAN Team. (5 Sep 2018). Diving into agency force numbers and quality in Asia. Retrieved from https://www.asiaadvisersnetwork.com/Article/aid/44071/Diving-into-agency-force-numbers-and-quality-in-Asia

17 https://www.pwc.in/assets/pdfs/ras/financial-services/compliance-cco-advisory-services/insurance/pwcs-insurance-insights-june-2018.pdf

Adoption and customer engagement: The twin challenge

Insurance companies have been providing their sellers with technology-based solutions since 2004 and this model has been since replicated by most of the insurers. Often, these platforms are launched with a lot of fanfare, but the adoption of the platform is primarily to initiate the insurance policy – which is made a mandatory requirement by the insurer for commission calculation. Further, such platforms have typically not been able to support seller-customer Engagement and improve conversion rates.



Adoption

It is important to analyse the reasons for low adoption:

- Is it on the account of sellers' disinterest in using technology or poor experience (counter-intuitive, complex, and too rigid) even if they would like to use it?
- Is the platform perceived as additional data entry work which was being done by someone else and which is now resulting in an additional overhead for the seller?
- Are customers not keen to review the product illustrations and company documents because of high trust and belief in sellers' advice?
- Does the platform have defects which disrupt the sellers' work (e.g. connectivity issues, data sync-up issues)?
- Are there frequent changes in the platform because of which sellers are not able to stay up to date?

As India enters a period of demographic dividend for the next 37 years, it is imperative to capitalise on insurance as a possible career option in sales and other areas. It becomes crucial that the industry create a strategy to re-focus on the right talent, reposition the advisory profession and re-engage with talent in new and different ways. It is therefore important to stitch the entire people, process and technology pieces in a smooth and coherent manner to reduce or eliminate adoption-related issues. Therefore, we believe that the key to the success of distribution programmes lies in their adoption by sales advisors. The value of the intervention should be clearly visible and known. The change should not be forced through controls; instead, it should take the form of a support programme. Insurers also need to understand that adoption has multiple elements. Hence, to increase the adoption of such programmes, insurers should ensure that the process of adoption is smooth and gradual and considers all aspects of adoption:

- **Retain a strong focus on sellers' earnings/ margins (Earnings):** The single most important factor which can improve adoption by insurance sellers is linkage to their earnings. Rather than just acting as an interface to view commission payouts, the platform should be able to aid a seller on a day-to-day basis on smaller actions that can be taken to achieve incremental earnings. This can be in the form of contextual information or triggers based on the seller's expertise in specific line of businesses and conversion of specific customer segments.

A leading insurance firm in India launched an app to improve sales performance. This app track sales activity, generates real-time customer propositions and facilitates instant issuance.

- **Don't overload sellers with features (Effort):** The solutions provided to sellers are loaded with lot of functionalities. Insurers should be conscious of a seller's digital maturity and should segment them into defined personas before providing lot of new features. The tool should be available in vernacular languages for effective use with the customer. Appropriate training programmes should be designed to improve usage.

- **Leverage design thinking (Effort):** A poor and complicated user will lead to ineffective adoption of a tool by insurance sellers. Sellers are very reluctant to change; therefore, a productive, easy-to-use and engaging platform will be more readily adopted. The user experience can be enhanced by presenting content in a storytelling format. Special attention should be paid to ensure simple design and navigation and make the platform interactive.

A major over-the-top (OTT) video streaming company was able to get a huge customer base due to convenience, ease of use and high-quality content. A similar story is being written in a price-conscious country like India due to its excellent customer-centric features.

Learning for insurers: Relevant content and easy-to-use features will draw agents to the platform

- **Make it simple (Engineering):** Sellers will use the tool if it makes their life easier rather than difficult. Platforms that are convenient and accessible anywhere and anytime platform have higher chances of being adopted quickly than platforms that come with restrictions. A simple and hassle-free onboarding process will go a long way towards making a platform convenient for insurance sellers.

A global giant and a late entrant in the Indian digital payment market was able to garner a significant chunk of overall digital transactions due to its convenience, great UI and relevance.

Learning for insurers: Enable a great experience for widespread adoption

- **Empower the seller (Empowerment):** In our experience, a face-to-face channel-centric support team will enable urgent query resolution and demonstrate the value the insurer offers through this channel. Conversational bot support along with live chat, videos and interactive guides will result in better productivity.

Customer engagement

Face-to-face interaction is the most influential sales and marketing technique. Research indicates that most customers look for validation before purchase of insurance products. This channel provides this unique opportunity to effectively engage with the customer, which leads to sales. Two critical factors that define the customer experience during such engagement are:

- **Product/service information:** The insurance seller must be enabled with knowledge on the products and services being discussed with client.
- **Brand association:** The insurance seller should be able to establish 'self-congruity' between the insurance company and the customer.

A major Indian insurance firm provides agents with a tool which runs a predictive model to identify the probability of the customer buying an insurance policy.

Source: Business Standard[18]

As mentioned in the earlier section, another key challenge for face-to-face distribution is lead generation. The platform should enable agents with the right insights and capabilities to market themselves and generate referrals. If sellers are equipped with the following capabilities, customer engagement may improve.

18 Jain, M. (4 June 2018). Insurance firms knock off agents, go for digital-first to grow business. Business Standard. Retrieved from https://www.business-standard.com/article/companies/insurance-firms-knock-off-agents-go-for-digital-first-to-grow-business-118060200789_1.html

- **Communicate with ease (Content):** A typical insurance seller faces many challenges in striking a conversation with a prospective customer. An assisted sales platform can be used to facilitate communication between a seller and a customer. A Japanese insurance firm uses this technique effectively for worksite marketing. The seller must be enabled with the recent and relevant content all through the customer engagement lifecycle to engage the customer around product fitment as well as any other queries or concerns. Such content may range from details around a product proposition to illustrations, customer stories and engagement videos.
- **Personalisation (Context):** The single most important capability that can significantly alter the seller and customer experience alike during interaction is personalisation. Users prefer to use a personalised product rather than a generic product as it makes them feel special and caters to their needs more effectively. A leading digital payment provider and over-the-top (OTT) video streaming service are two companies who have been able to get a stronghold in the industry on the basis of excellent customer centricity through simple, innovative and engaging user platforms. These use cases can help insurance companies drive strong adoption. Another strong advantage of this video streaming service is personalisation of content for the user. Insurance companies can learn from this example and develop customised platforms for various sellers based on their segmentation.

  Personalisation can be applied at various levels:

  - During recruitment, for designing the right training programme
  - Platform customisation based on the seller's persona with further empowerment to personalise as required
  - During customer interaction, to ensure targeted interaction
  - Helping sellers design customised marketing plans depending on their prospecting database
- **Augment seller's influence circle (Connections):** Insurance agents typically do not leverage targeted campaigns to develop their prospecting ecosystem and deepen their existing relationships. Insurers should help boost their analytical and marketing capabilities. For example, a leading FoodTech company and hotel chain have created platforms which enable registered businesses to extend their reach with key capabilities (order booking, payment and referral programmes) almost immediately. Insurers should similarly consider developing a platform which can handle sellers' requirements. For example, a Chinese e-commerce giant has equipped its sellers with functionalities that support positive interaction between customers and sellers. Sellers can use this platform to communicate instantly with customers, which helps sellers to generate more transactions. Moreover, insurers can provide features such as instant communication, campaign design, video recording, microsite, pages on social media channels, etc., to help agents sell more and effectively.

A Chinese e-commerce company helps sellers on its platform with training, provides a coding system to maintain a large store on the platform, and offers an instant communication tool to maintain positive customer-buyer interaction.

Learning for insurers: Empower sellers with multiple features on the go for greater engagement

- **Brand endorsement (Commend):** Some of the leading insurers have created microsites to help sellers involved in face-to-face distribution to showcase their brand to the customer. These solutions can help agents establish their credentials and tackle customer queries on the brand with more confidence. Additionally, an insurer can enable controlled personalisation of such microsites to ensure compliance and manage any misrepresentation of information.
- **Feedback:** Collecting feedback regularly and incorporating the same in the platform will result in better usability and higher user confidence.

Addressing adoption and engagement challenges

04

Over the years, insurers have been trying to adapt face-to-face distribution to the changing needs of customers and technological advances. They have developed various models, rolled out extensive reward and recognition programmes, and enabled sellers with digital capabilities; however, they have not achieved great success. There are several reasons behind this, such as lack of buy-in from channel partners, excessive focus on technology solutions, inefficient processes, ineffective change management and poor communication of business impact.

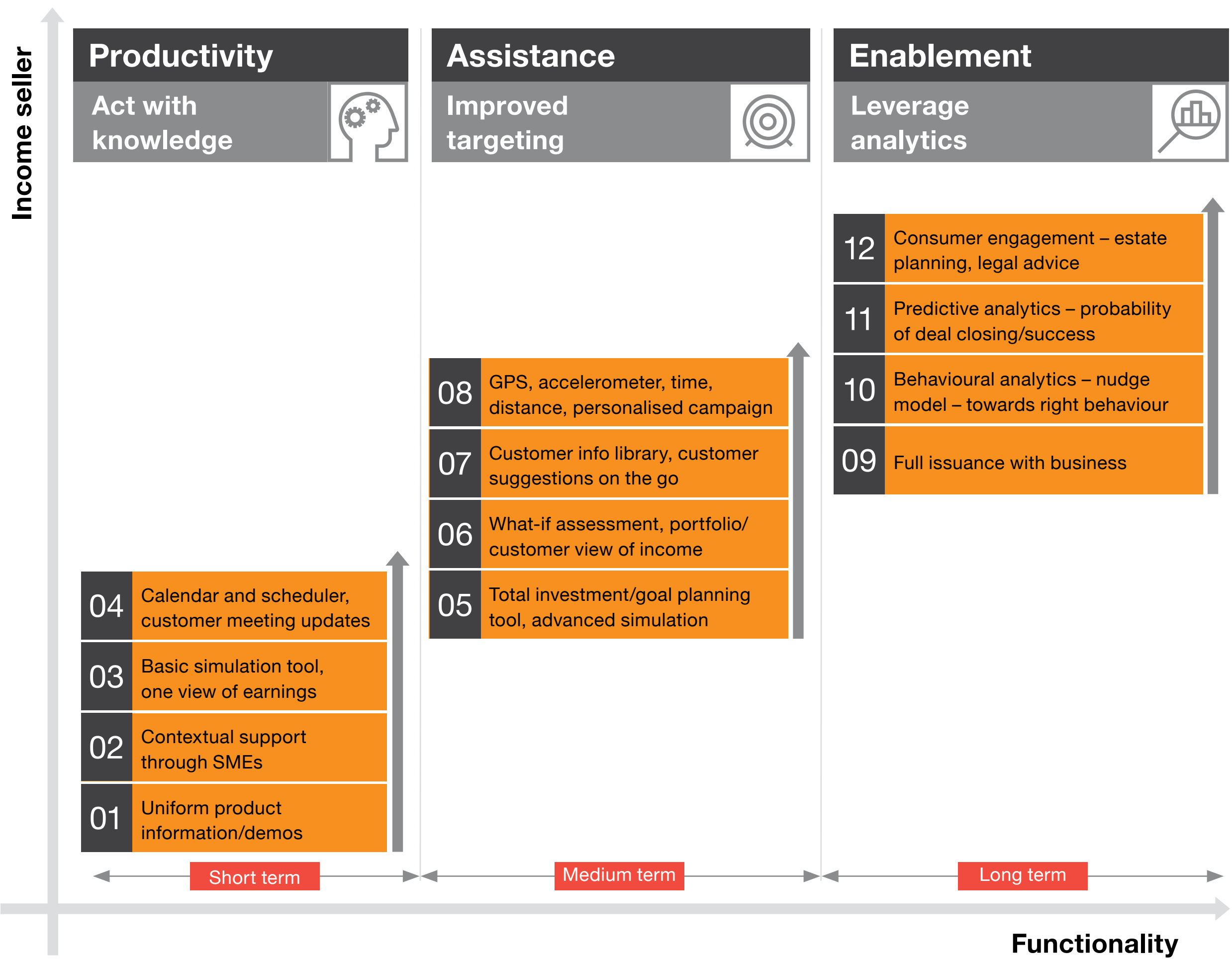
PwC has developed a layered assisted distribution platform that can enable insurance companies to improve face-to-face channel effectiveness while resolving the core issues discussed in the earlier section on high adoption and engagement. The layered approach of the platform will also ensure consistency in terms of functionalities and seller experience, empowering them to sell bigger, better and higher.

Layered assisted sales platform

Our systematic approach will evolve the sales enablement journey, thereby augmenting the income of a seller and ensuring informed and enriching engagement with the customer. Depending on the maturity of the seller, the platform envisages enablement right from product-level information to advanced analytics, enabling superior lead conversion ratios. The approach also ensures that the seller is not burdened with multiple tools and insurers have sufficient time to innovate and introduce changes in the current processes. This platform will evolve over a period based on the maturity of the insurer.

PwC suggests a concerted focus on the following three capability areas to strengthen face-to-face distribution channels:

Capability framework



Productivity

This capability area ensures high operating efficiency of the channel. Based on our interactions with sellers and insurers, we have observed that such efficiency can be attained through a focus on (a) enabling sharing of information about products; (b) adopting customer-friendly language in product communication and illustrations; (c) simplifying the customer on-boarding and endorsement processes; and (d) helping sellers with basic tasks like earnings calculation, time management and meeting preparation.

Insurer should also enable multichannel assistance for their sellers by providing them with contextual support during interaction and virtual insurance SMEs (viz. unit managers, underwriters or customer service teams) for resolution of any concern during the sales process.

We believe that this is a critical capability for early adoption of the assisted sales platform by sellers and hence, insurers should keep seller experience on top of their mind whilst designing the solutions.

Assistance

Once insurers are able to get sellers' buy-in on 'productivity', they should focus their attention on assisting the seller beyond basic capabilities. The objective is to improve sellers' earnings through effective use of technology-focused solutions. Accordingly, the focus should be on: (a) enabling sellers with comprehensive goal-based financial planning capabilities, (b) allowing scenario demonstrations based on analytical 'what-if' assessments, (c) exposing the seller to an information library which offers contextual suggestions for improving sales pitches and (d) lead pre-qualification helping the seller with lead prioritisation and superior customer targeting strategies.

Defining and activating capabilities related to assistance will require insurer to understand their sellers' behaviour and digital skills, and design 'fit-for-purpose' solutions. The key focus should be to ensure a consistent data-based storytelling experience for sellers – one that hooks customers.

Enablement

This capability area equips sellers with deep insights to improve their earnings profile and customer engagement. Predictive and behavioural analytics are used to influence the right actions, leading to improved earnings and better customer engagement. Sellers can use capabilities like probability of lead conversion and next best action to seek structured inputs on individual as well as portfolio-level actions. These capability should provide sellers with a clear view on income enhancement opportunities. This may be done by enabling sellers to focus on specific segments, maximise advantage on an ongoing reward programme, cross-sell and up-sell triggers for past customers, etc. Insurers may also seek to augment sellers' capabilities by allowing them to sell more products and services like estate planning and filing IT returns.

In addition to efforts to build the above capabilities, a continuous learning programme would complement this platform. This programme would need to be comprehensive and different from traditional training programmes. It would be tailored to the individual needs of sellers, comprising primarily video and interactive training modules. These modules can be embedded in the tool and sellers can be rewarded for adopting the learning behaviours.

Continuous learning and engagement to help increase sellers' knowledge and skills as well as adoption

Micro learning	Varied treatment	Retention driven	Embedded	Reward
Short 2-5 min bursts of learning and references; combine into larger programme	Purposeful application of video treatment, experts, scenarios, animation, 'how to'	Reinforce practice, conduct planned and random assessment, ensure application of learning	Accessible within learning systems, company portals, push content recommendations to learners	Reward the right learning behaviours to encourage and build a learning culture

Customer touchpoints	Social touchpoints	Communication touchpoints	Peer learning	Collaboration tools	Smart notifications

Systems use augmented reality, machine learning, data analysis and NLP, riding on the cognitive engine with persuasive mechanics

Available on mobile – anytime access via tablets and smartphones – read, listen and watch content based on preference and relevance

A structured approach for distribution effectiveness

Insurers should adopt a structured approach to analyse and augment their face-to-face distribution capabilities. Such an approach should comprehensively address the three capability areas (productivity, assistance and engagement) highlighted in the previous section. The capabilities should help partners establish their own brand presence with the customer, augment their income, improve productivity and, at the same time, help them improve their customer engagement, ensuring high persistency and repeat business.

Roadmap to success

Vision

Start

Know your distribution partners

- Define personas and journeys
- Identify capabilities
- Resolve concerns

Enable distribution partners with right capabilities

- Design experience
- Design R&R programme
- Training programmes
- Process simplification
- Digital enablement and analytics

Ensure sustainability

- Policy framework
- Reporting

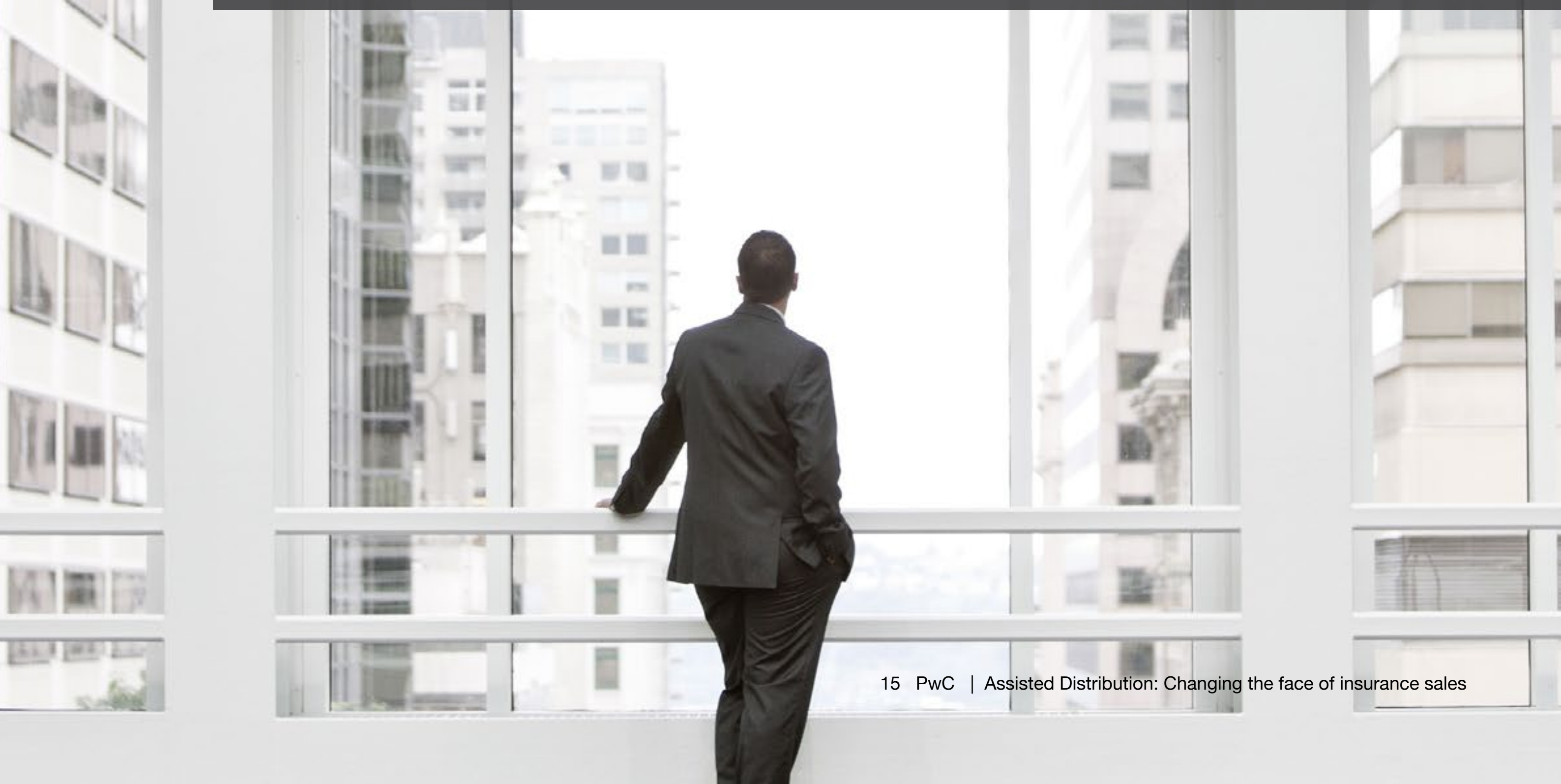
Celebrate success

- Early success
- Quantify benefits
- Promote change agents

Insurers should start with a clear vision for distribution channels based on their strength areas and channel capabilities. The vision should define success through key metrics and performance indicators. A transformation programme should be designed to achieve the outcomes of partnerships with the channel teams. The transformation programme should focus on understanding channel partners – their personas, journeys, irritants and motivations, and designing platform capabilities to support them on their journey to becoming high-performance teams. This will ensure buy-in and adoption.

The transformation programme should consider the typical operating model elements like distribution platform functionality and experience, sales methodology, the right reward and recognition programmes, review of incentive structure to encourage the right behaviours, and training programmes to sharpen the skills required. The programme should also aim to simplify processes, ensuring transparency in communication and easy access to information for all involved stakeholders. Finally, emerging technologies and analytics must be leveraged on a 'fit-for-purpose' basis.

A strong governance and monitoring framework should be set up to encourage sellers, refine archaic policies and provide real-time feedback through rigorous reporting. Additionally, an optimal coverage model and territory management should be in place for effective achievement of KPIs by sellers. Finally, insurers should plan how to celebrate and showcase successes, quantify the benefits of transformation for all stakeholders, and build/promote change agents within the organisation to sustain the transformation.



05

Enabling a fit-for-future insurance ecosystem

The insurance sector represents a huge growth opportunity for India given the demographics and current penetration levels. Awareness of insurance and its benefits is increasing among Indians. Further, technological advances and changing customer behaviour have led to a surge in new distribution strategies. Despite this, face-to-face distribution continues to be the primary driver of new business, especially in the life insurance space. However, these channels are facing challenges in terms of attracting and retaining talent and ensuring high productivity. Insurers have implemented various technology-enabled solutions with varying levels of success due to low adoption and limited value-add to customer engagement.

We envisage that the assisted sales model will become a prominent sales channel for insurance products. It is imperative for this model to factor in the latest technological advances and analytics and put it in the hands of sellers in a simple and effective manner. The model should ideally focus on enabling a superior seller experience during customer interactions. The platform should provide continuous support to sellers, helping them improve their productivity, effectiveness and, most importantly, income.

A layered assisted sales platform that our report recommends could well equip the partners with fit-for-future and fit-for-purpose capabilities as per their own requirements and preferences. Our report also suggests ways to design a transformation programme to ensure adoption and higher customer engagement. The importance of early buy-in from sellers and simplifying the journey cannot be overemphasised. We strongly believe insurance companies could leverage the suggestions made in this report to strengthen their face-to-face distribution capabilities substantially, in the process equipping relevant stakeholders to be fit for future and grow exponentially.

About CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government and civil society through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organisation, playing a proactive role in India's development process. Founded in 1895, India's premier business association has around 9000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from around 276 national and regional sectoral industry bodies.

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India is now set to become a US$ 5 trillion economy in the next five years and Indian industry will remain the principal growth engine for achieving this target. With the theme for 2019-20 as 'Competitiveness of India Inc - India@75: Forging Ahead', CII will focus on five priority areas which would enable the country to stay on a solid growth track. These are - employment generation, rural-urban connect, energy security, environmental sustainability and governance.

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