



basic roots
consulting

INSURTECH REVOLUTION

2024

BRC BYTES

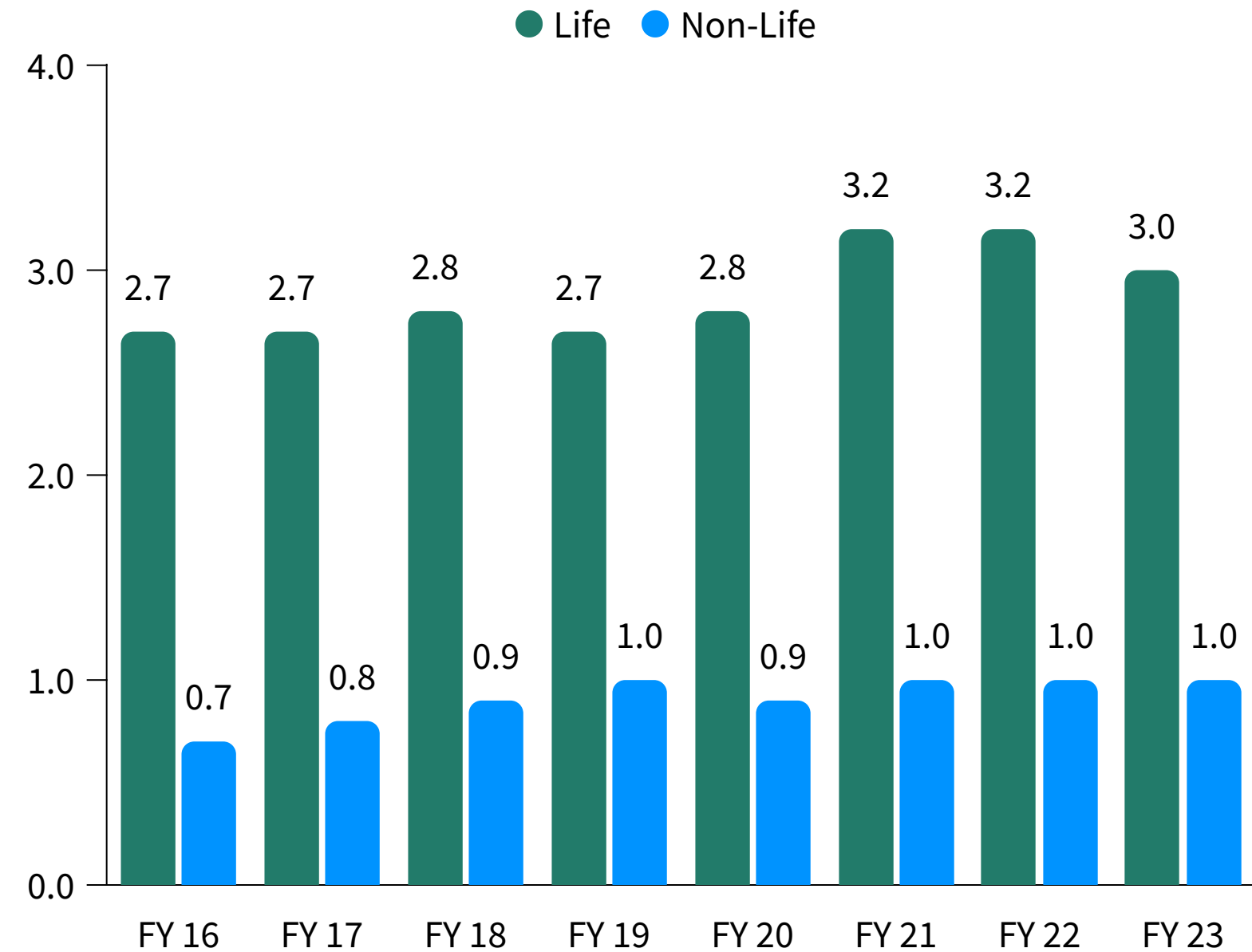
WHY IS INDIA UNDERINSURED?

Consumer Perception

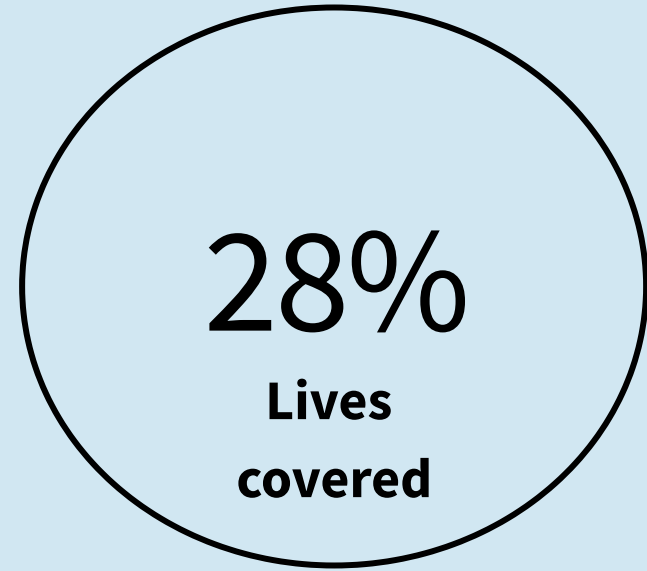
- Insurance is often seen as a “luxury” rather than a necessity.
- Lack of awareness and trust, combined with complex policy terms.

Affordability & Accessibility

- Traditional insurance products have largely catered to middle- and upper-income groups in urban centers, leaving out vast rural and semi-urban populations.

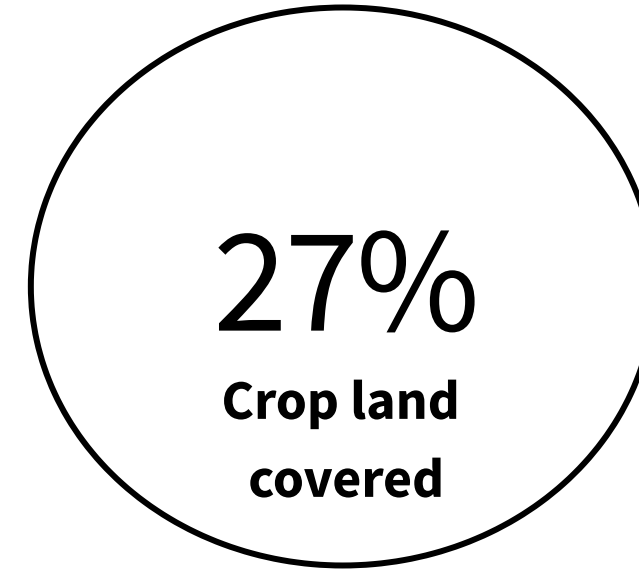


India's insurance penetration (total premiums as a percentage of GDP) stands at just 4%, compared to a global average of 7.3%.



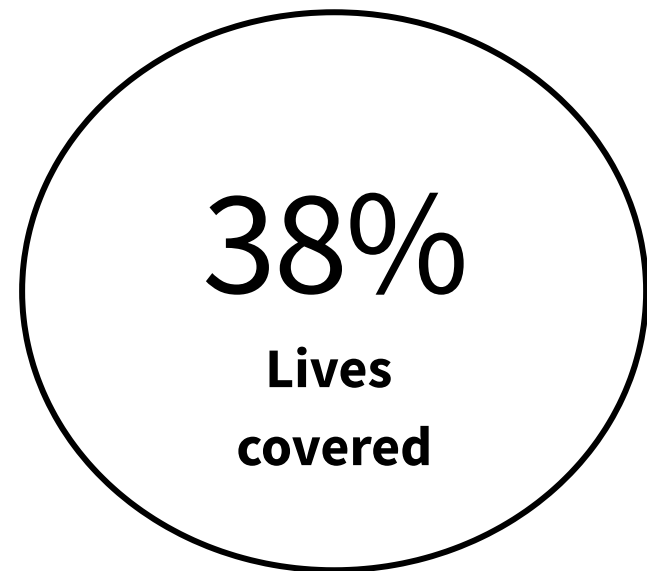
LIFE INSURANCE

Majority of insurers in India have CSR (Claim Settlement Ratio) of 95%+ but there is still low coverage of life insurance



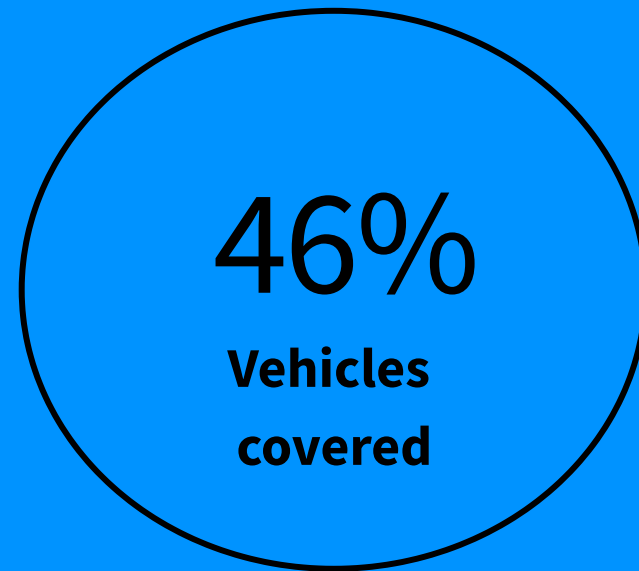
CROP INSURANCE

One of the major concerns in crop insurance is the low CSR of ~21% which has fallen significantly over the years



HEALTH INSURANCE

The average CSR ratio of health insurance is lower with 70-80% claims paid



AUTO INSURANCE

Despite auto insurance being mandatory, over ~54% vehicles in India are uninsured mainly in smaller cities, towns, semi-urban and rural areas

LIMITED AWARENESS, AFFORDABILITY & LACK OF TRUST ARE KEY REASONS BEHIND THE LOW ADOPTION

CONSUMER MINDSET AROUND INSURANCE IN INDIA

***“I don’t need insurance,
my savings will cover my
medical expenses”***

— a common sentiment in
Tier 2 cities and rural areas.

PERCEPTION CHALLENGES

Insurance in India is still
largely associated with tax-
saving rather than as a risk
management tool

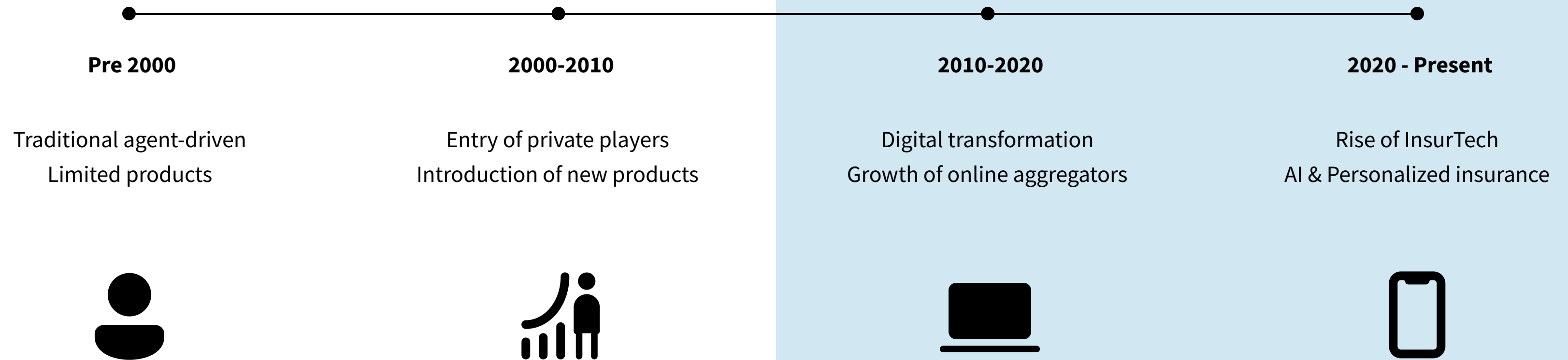
TRUST & TRANSPARENCY ISSUES

People are wary of hidden
clauses and delayed claims,
leading to low trust in
insurance products.

CULTURAL IMPACT

Traditionally, Indians rely
heavily on savings and
family support during
emergencies, which
reduces the perceived need
for insurance

HOW INSURANCE IS EVOLVING IN INDIA?



The Indian insurance industry has evolved from a traditional, agent-driven model to a digitally enabled sector served markets.

InsurTech driving innovation, efficiency, and customer-centric solutions. This shift marks a crucial transition toward greater accessibility and growth, especially in underserved markets.

INSURANCE INDUSTRY: KEY PLAYERS



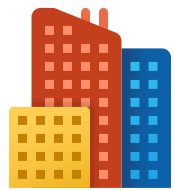
Policyholders (Customers)



Insurance Companies/Manufacturer
(Insurers)



Insurance Brokers / Agents



Reinsurers



Regulators (IRDAI)

ROLES

Individuals or businesses that purchase insurance to protect against financial losses (e.g., health, life, motor)

Provide the insurance products, assess risk, collect premiums, and pay claims. They underwrite the policies

Intermediaries between insurers and customers, helping customers find the right policy

Insure the insurers by taking on some of their risk, allowing them to offer larger policies

Oversee the industry, ensure fair practices, and protect policyholders

STEPS

Initiate insurance purchase by choosing coverage

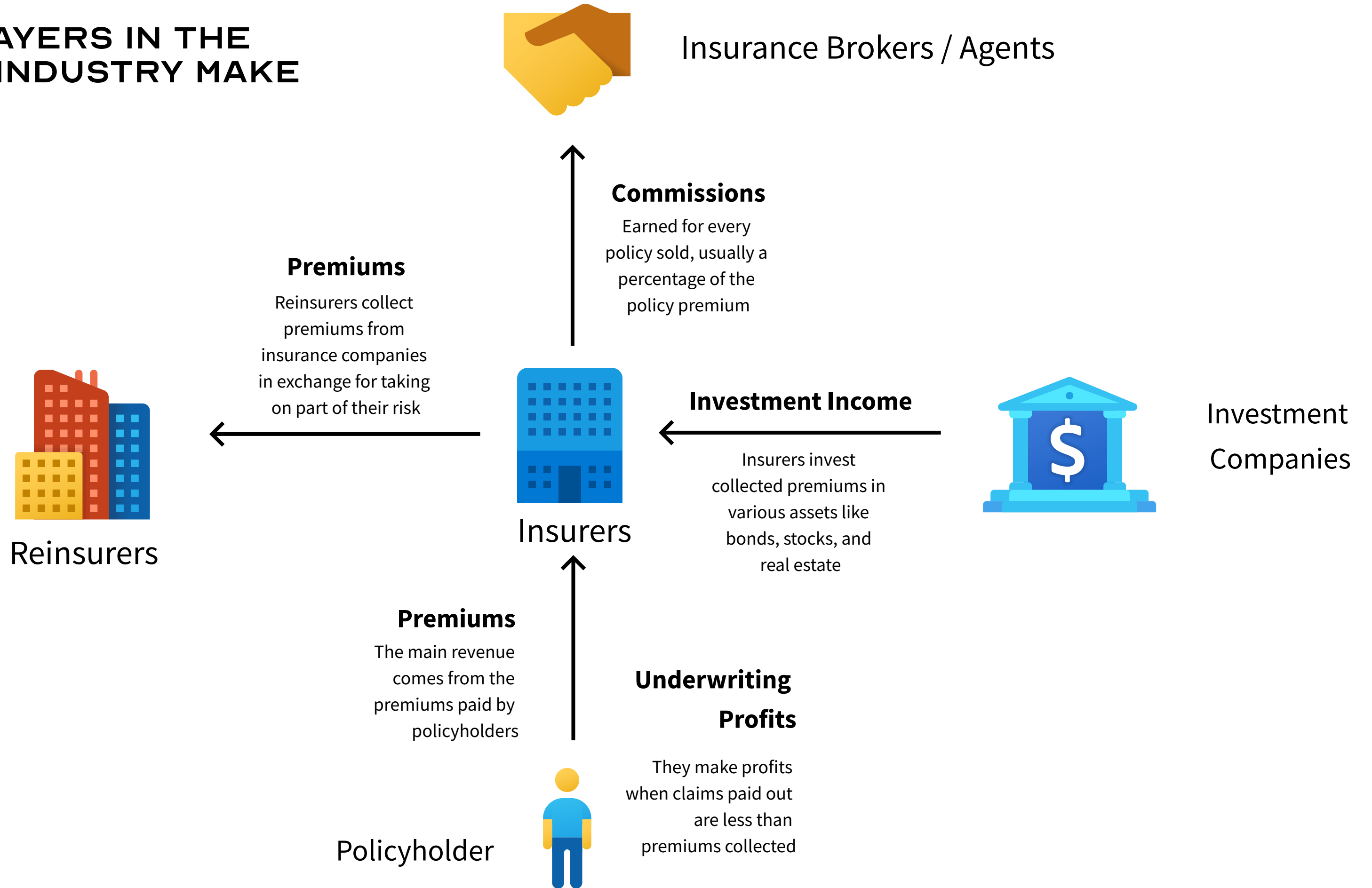
Issue policies, underwrite risk, and collect premiums

Facilitate the sale and provide advisory services

Provide additional coverage to insurance companies to reduce risk

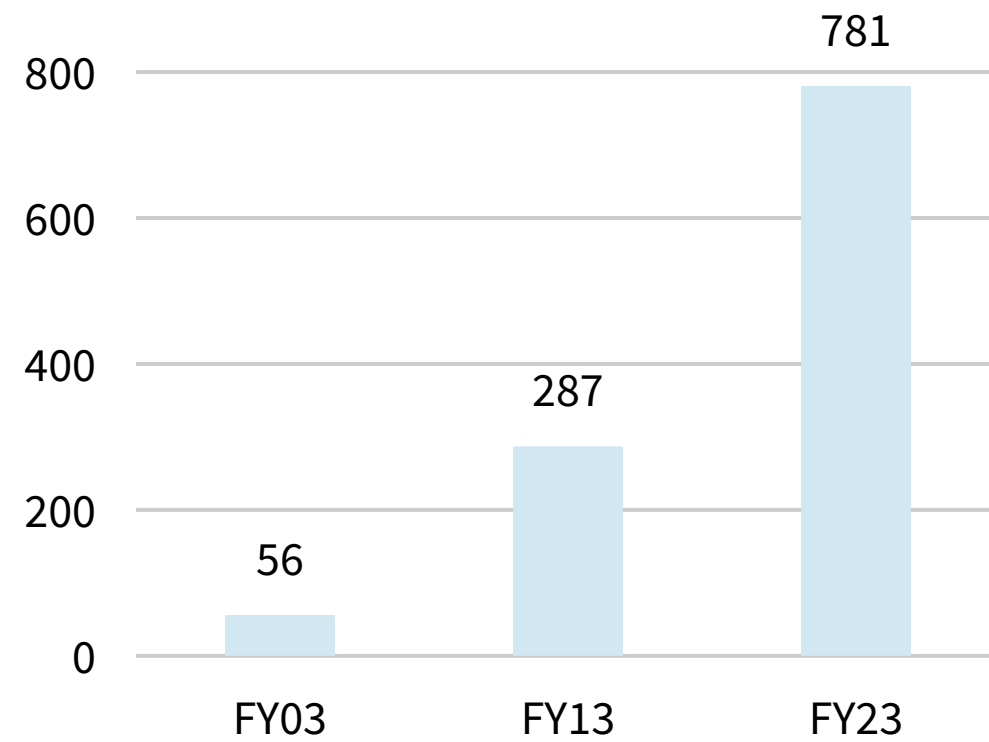
Regulate and ensure compliance with standards

HOW KEY PLAYERS IN THE INSURANCE INDUSTRY MAKE MONEY



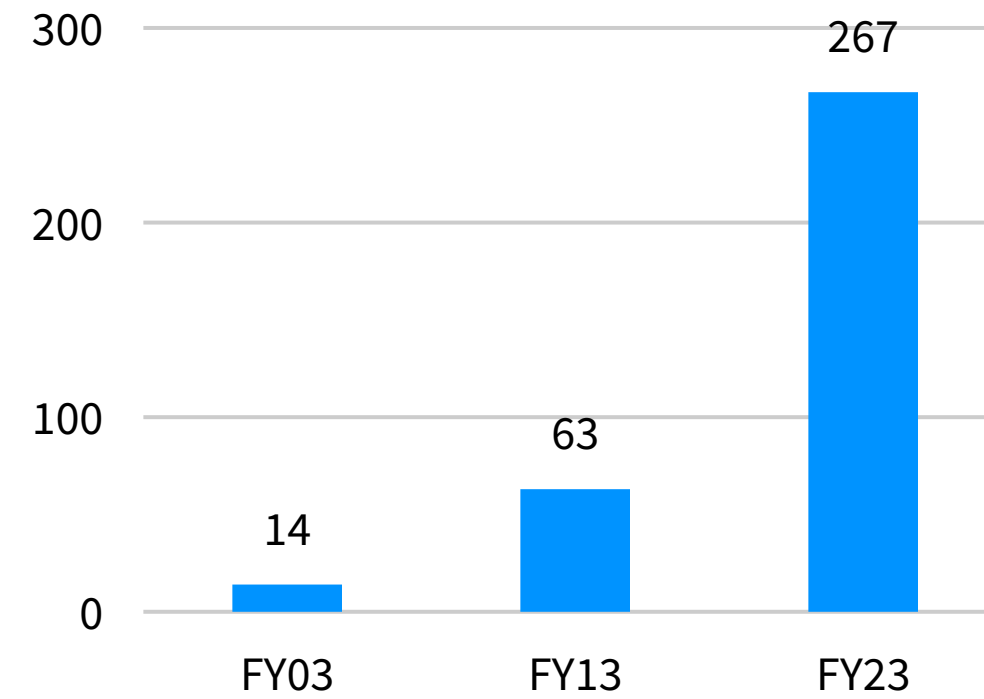
THE INSURANCE INDUSTRY HAS COME A LONG WAY

Life Insurance Total Premium
(Rs.'000 crore)



*Life insurance has seen **14x growth** in last 2 decades*

Non-life insurance GWP
(Rs '000 crore)



*Non-life insurance has seen **19x growth** in last 2 decades*

But, there is significant opportunity to increase penetration

POTENTIAL FOR PENETRATION EXISTS ACROSS GEOGRAPHIES AND CUSTOMER SEGMENT

By Geography | Tier 2 and smaller locations offer high scope of growth

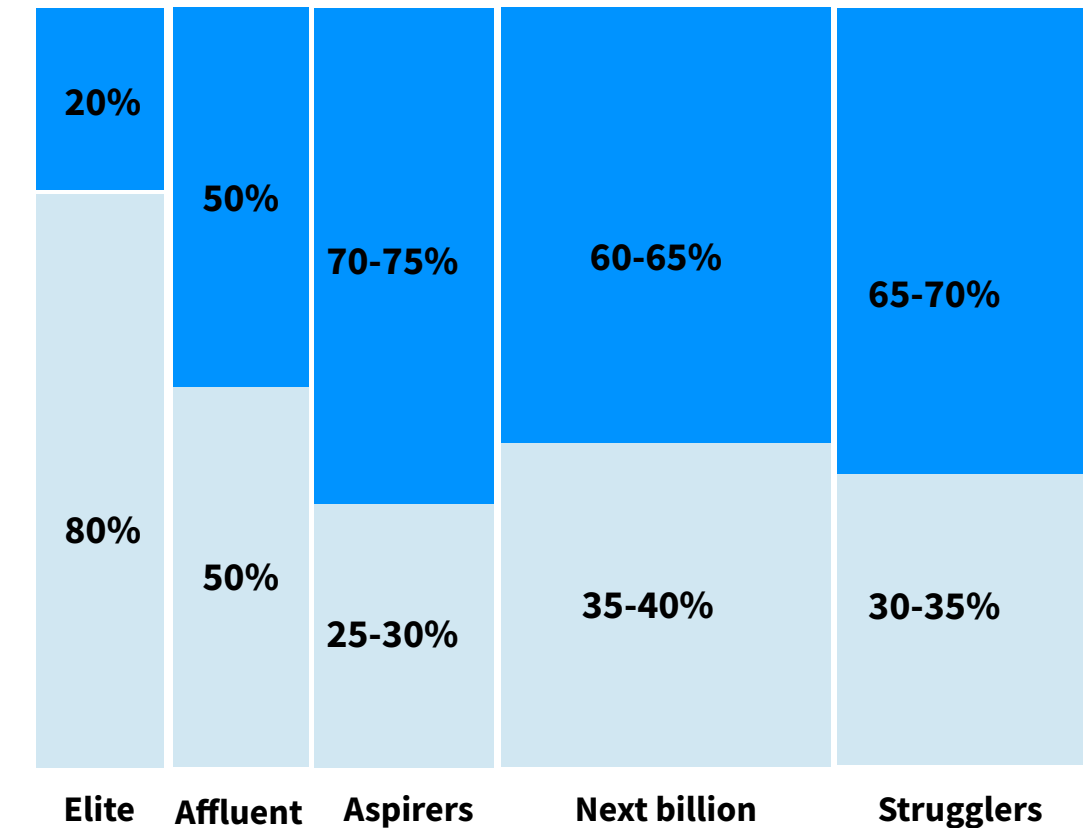
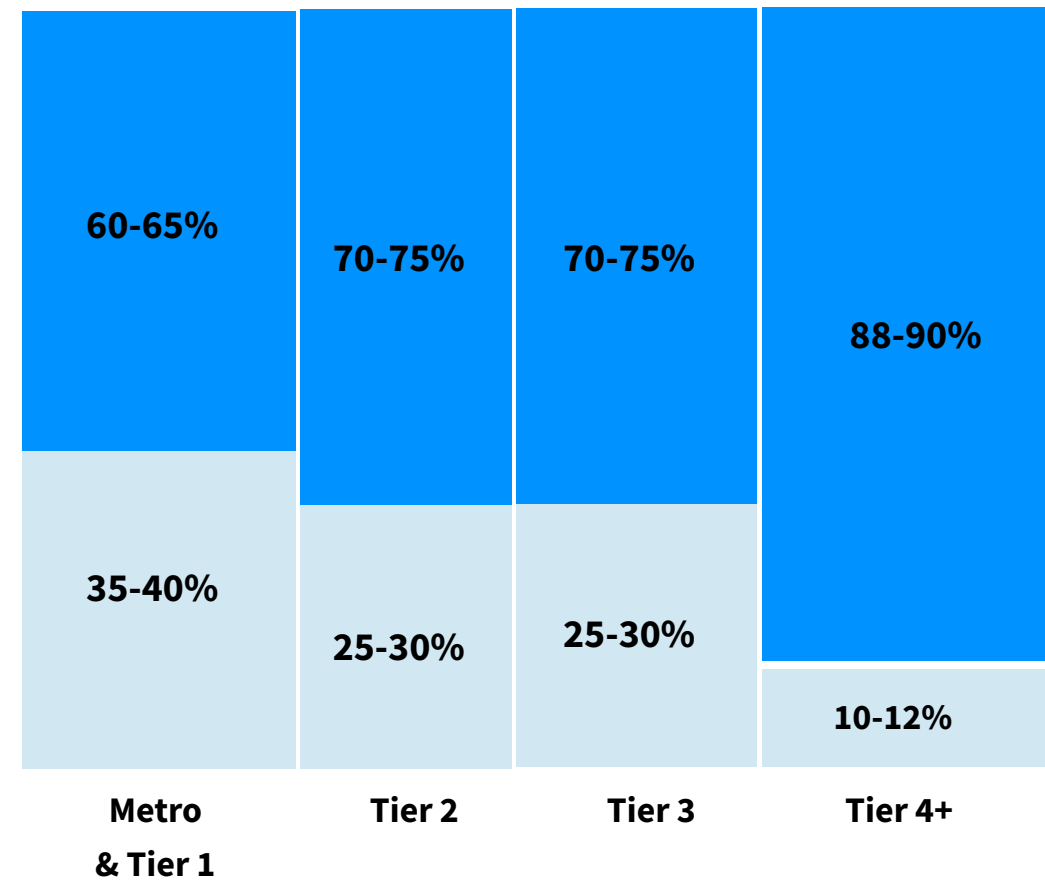
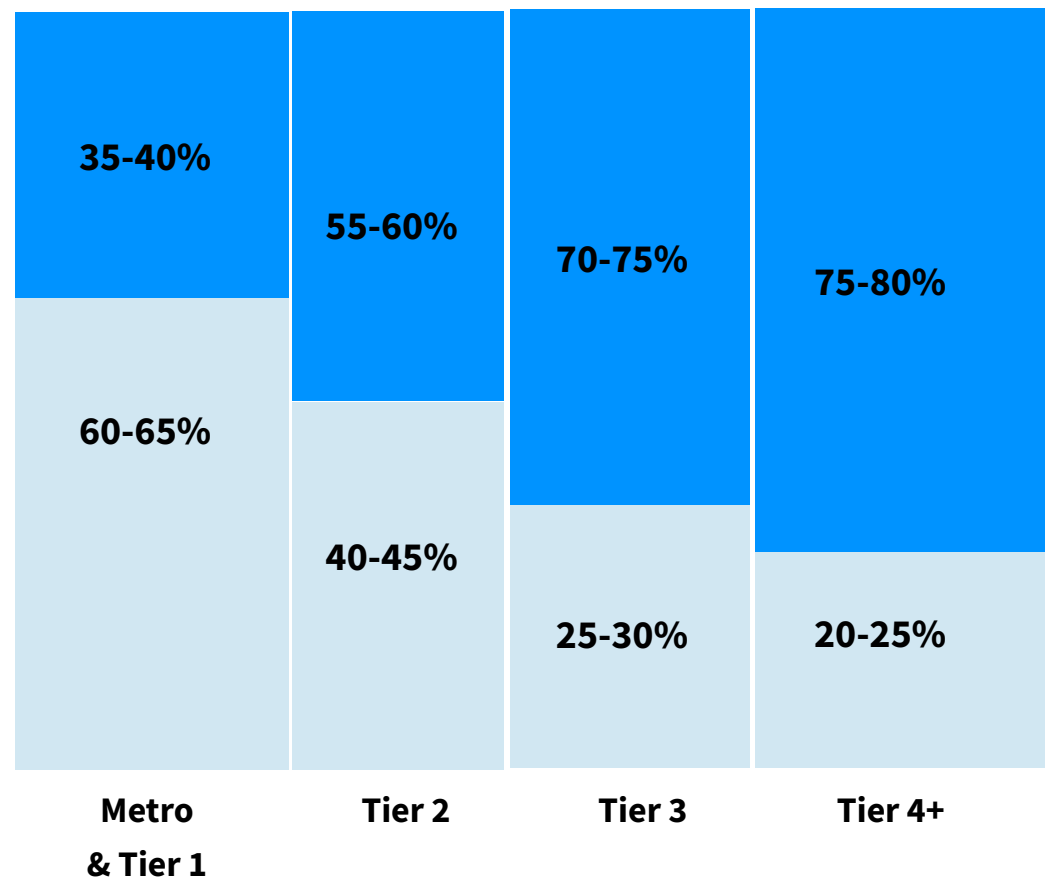
By Segment | Low/mid income segment has highest potential

HEALTH

LIFE

HEALTH

% of lives with any coverage



Current Insurance Penetration
 Yet to be covered

Note: Metro – Population > 4Mn ; Tier 1 – Population > 1Mn ; Tier 2 – Population > 0.5Mn ; Tier 3 – Population > 0.1Mn

Customer distribution by annual gross household income on 2018 prices (LPA): Elite >20 LPA, Affluent 10-20 LPA, Aspirers 5-10 LPA, Next billion 1.5-5 LPA, Strugglers <1.5 LPA

Width of the bars are rough indicators of segment wise population distribution

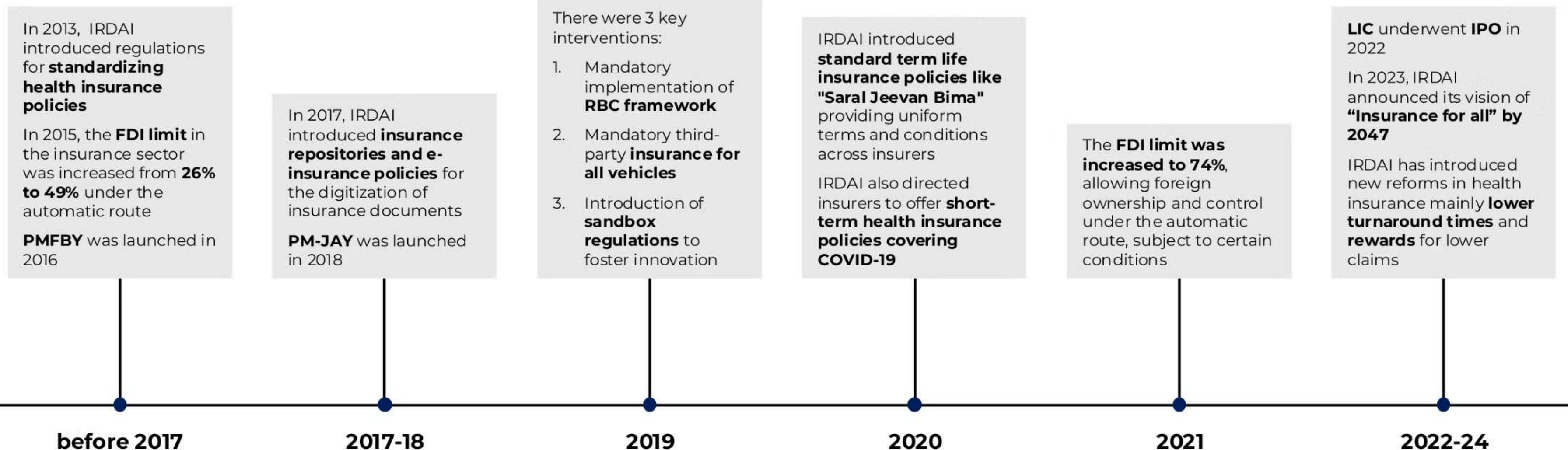
Source: BCG

The Regulatory Push: IRDAI's Drive Toward Insurance for All

Continue to enable innovation across the value chain and facilitate partner collaboration across dimensions

GOVERNMENT SUPPORT & PUSH FOR THIS SECTOR

There have been several key interventions from the government in the last decade to modernise the Indian insurance industry by fostering technology and innovation



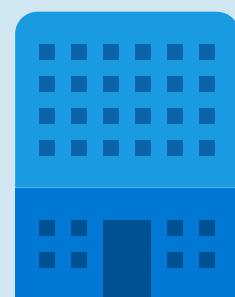
DRIVING TOWARDS 'INSURANCE FOR ALL' BY 2047

IRDAI aims that every citizen should have an appropriate **life, health and property insurance cover** and every enterprise is **supported by appropriate insurance solutions.**

Pillars



Policyholders



Insurers



Intermediaries

Focus Areas

IRDAI is planning on enabling this through:

- Integration of Technology in Insurance
- Enabling InsurTech boom & innovation
- Ease regulatory, capital and social barrier to adoption

Key Levers

Awareness

Product offering and
affordability

Strengthened
distribution

Enhanced customer
experience and trust

Regulatory enablers

HOW GOVERNMENT INITIATIVES ARE CHANGING THE LANDSCAPE



AYUSHMAN BHARAT – PRADHAN MANTRI JAN AROGYA YOJANA

World's largest health insurance / assurance scheme fully financed by government

Covers up to Rs. 5 lakh per family annually for secondary and tertiary hospitalisation care

12 Cr
Families
Covered

1.9K+
Procedures
Covered

55 Cr
Lives Insured



PRADHAN MANTRI FASAL BIMA YOJANA

PMFBY aims to provide financial support to farmers in the event of crop loss due to natural calamities, pests, and diseases

The government subsidizes **up to 98% of the premium**, depending on the crop and region, ensuring affordability

120 mn
Farmers
Covered

1.6bn ha
Area Covered

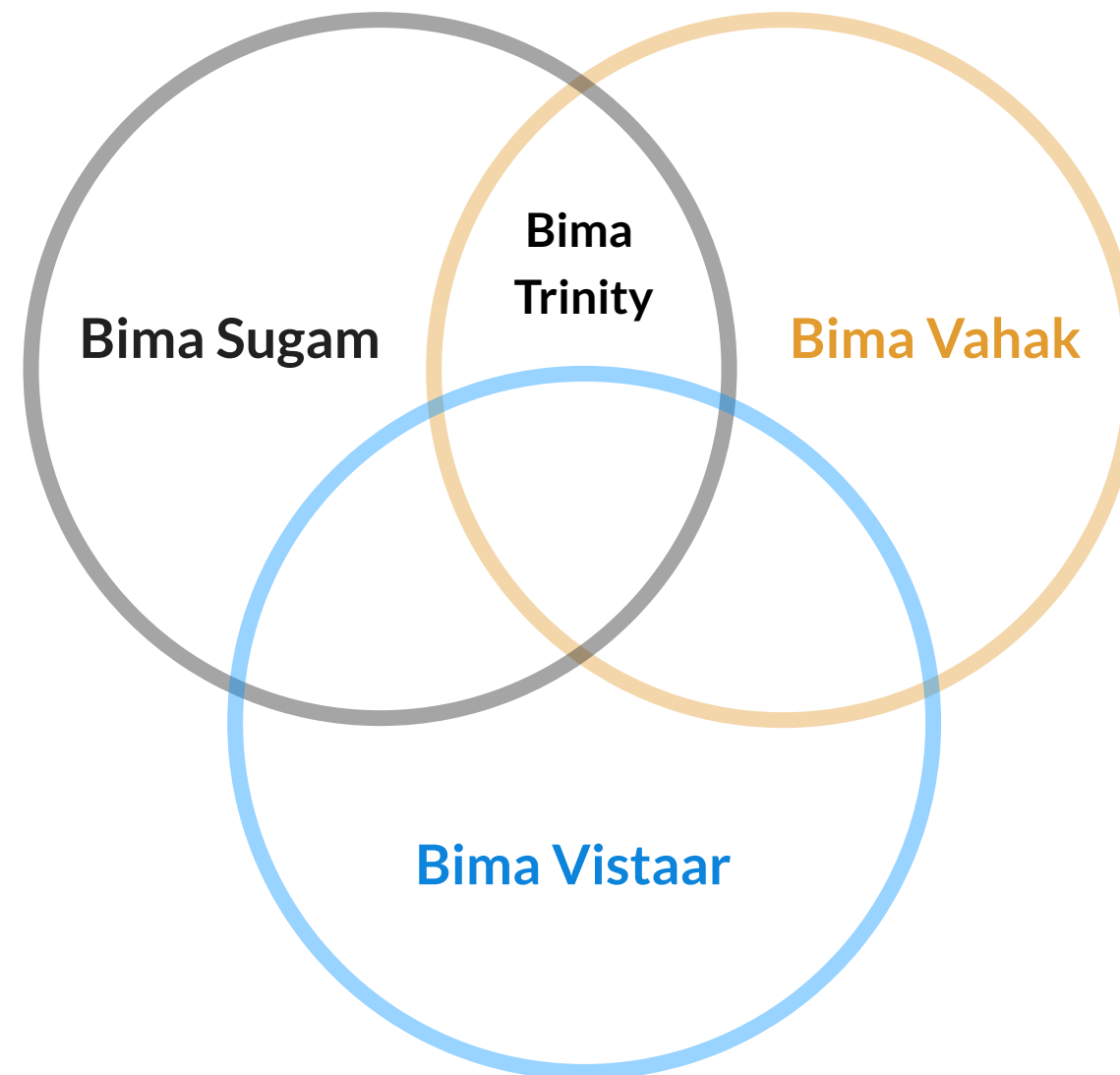
19
Insurance Cos
empanalled

BUILDING UPI LIKE MOMENT IN INSURANCE

IRDAI launched 3 major initiatives aka the Bima Trinity which includes **Bima Sugam**, **Bima Vahak** and **Bima Vistaar** to raise insurance penetration in semi-urban and rural areas

Expected to be disruptive similar to the scale of UPI

- All-in-one digital platform for policy comparison, sales, claims, and renewals.
- A single portal for accessing and managing products from multiple insurers.
- Designed to simplify insurance processes through a user-friendly interface.

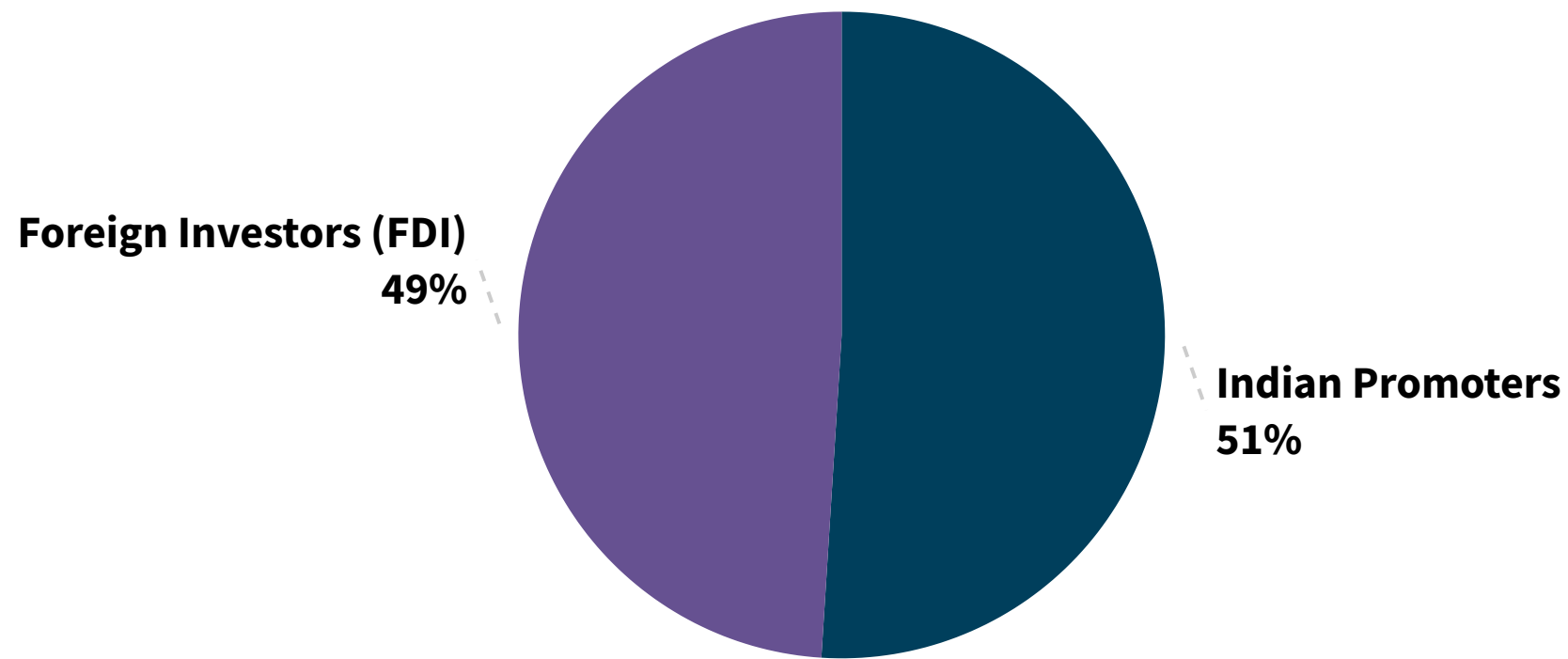


- Women-centric insurance distribution to boost inclusion and awareness in rural areas.
- Focus on developing local resources to meet community needs and build trust.
- Bima Vahak plays a key role in distributing Bima Vistaar in rural regions.

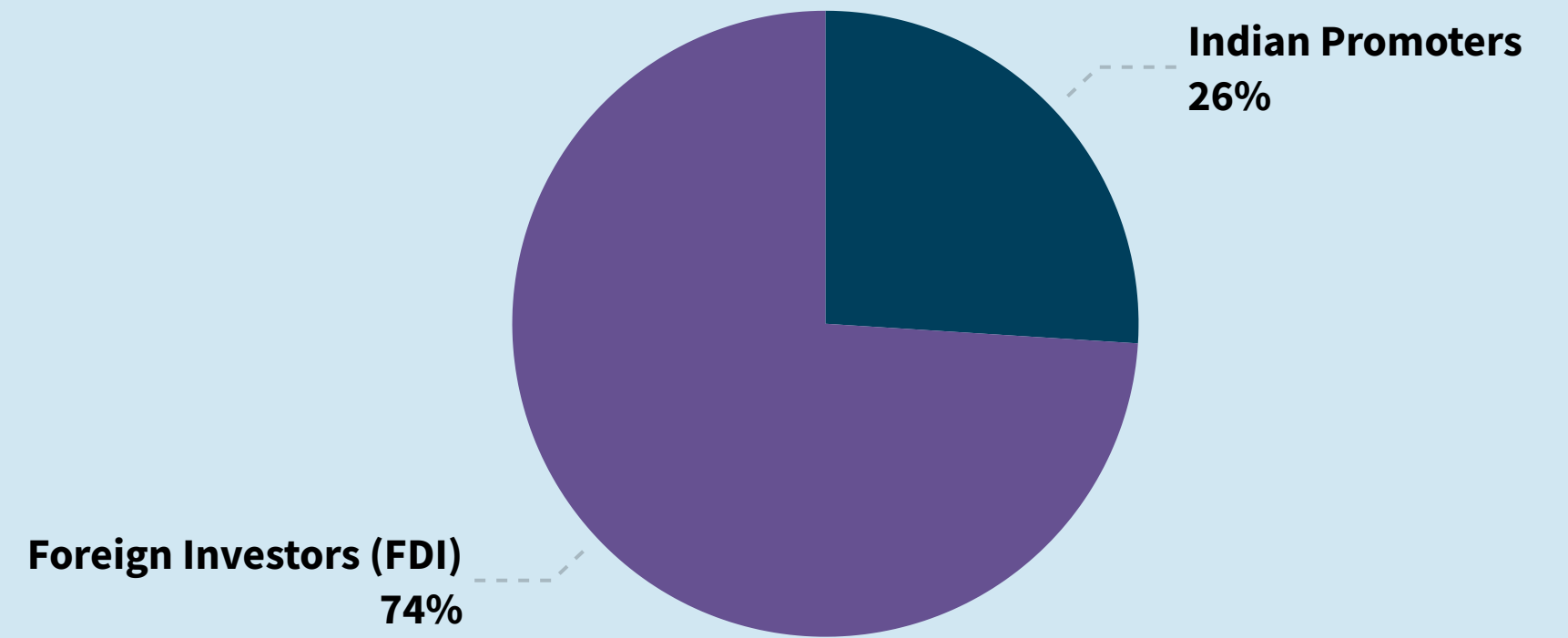
- All-in-one affordable insurance mass product offering life, health and property cover aimed at rural areas
- Provides coverage of INR 2 lakhs for life & accident each, INR 1 lakh for property & INR 500 per day for hospitalization at premium of INR 1.5k-2k per annum
- Aimed to have simple terms & conditions to increase trust & adoption

HOW REGULATORY SHIFTS ARE RESHAPING PRIVATE INVESTMENTS IN INSURANCE?

Ownership Structure Before 2022



Ownership Structure After 2022



With the recent regulatory changes, FDI is now allowed to own up to 74% of Indian insurance companies and this regulatory relaxation has attracted more capital flow into InsurTech startups and insurance firms, enabling larger deals, exits, and strategic acquisitions.

This is driving growth, consolidation, and more technological adoption in the sector.

PE FUNDS ACTIVELY INVESTING IN INSURANCE

Private Equity (PE) funds can now **invest directly as promoters** without requiring a Special Purpose Vehicle (SPV), simplifying the process and encouraging more capital inflows.

Aspect	Before 2022	After 2022
PE Fund Investment	Could not directly invest as promoters in insurance companies	Can now directly invest as promoters without needing an SPV
SPV	Required for PE funds to hold stake	No longer required, simplifying the investment structure
Control & Governance	PE funds had limited influence over insurance operations	PE funds can now take controlling stakes

SOME ACTION IN THIS SPACE

The IRDAI has recently formed a 15-member consultative committee on investments (Investments Committee)

Investments Committee also includes members from a private equity background & members from private sector.

Market indicators seem to suggest that the IRDAI is keen on facilitating increased private equity participation in the insurance sector

DEAL ACTIVITIES | INSURANCE HAS BEEN A BUSY SPACE

India's M&A insurance market sees competitive shift

Value of deals surged by 60% to \$20b in Q1 2024.

Aditya Birla Capital announced the completion of stake sale of Aditya Birla Insurance Brokers (ABIBL) to Edme Services (Edme), which is part of the Samara Capital Group and an affiliate of Samara Alternate Investment Fund.

Aon Completes \$13B Acquisition of Middle-Market Broker NFP

April 26, 2024

Zurich acquires majority stake in Kotak General Insurance; to build a leading general insurer for India

Niva Bupa raises Rs 800 crore, Paragon Partners along with Temasek and Motilal Oswal PE Fund key investors

Niva Bupa offers health insurance through more than 20 bank partners and has over 10,000 hospitals as part of its network.

Alacrity Solutions secures investment from BlackRock Alternatives

February 3, 2023

The insurance brokerage sector has seen over 90% of overall insurance deals occurring within brokerage transactions. This indicates a strong preference for consolidation as brokers seek to enhance their competitive edge amid increasing market pressures

HOW MARSH EVOLVED AS A GLOBAL LEADER IN INSURANCE BROKERAGE

Marsh McLennan, founded in 1871, is a global leader in insurance brokerage and risk management. Over the years, Marsh has expanded its global footprint, integrated digital solutions, and evolved its client services to address the increasingly complex risks faced by businesses today.

Traditional Role as a Broker (1871 - Early 2000s)

- **Traditional Brokerage:** Marsh focused on connecting clients with insurers, handling risk placement and policy negotiations.
- **Manual Processes:** Insurance brokerage relied on manual procedures for risk assessment, policy writing, and claims settlement.
- **Corporate Focus:** Marsh's core clientele were large corporations, managing risks such as property, liability, and casualty insurance.
- **Revenue Model:** Primarily generated revenue through commissions from insurers for policies sold to clients

Digital Transformation & Technology-Driven Innovation (2010s-Present)

- **Marsh Digital Labs:** Launched as a digital hub, focusing on **AI, blockchain, and data analytics** to modernize risk management.
- **Climate Risk Leadership:** Marsh developed specialized services to help companies manage and mitigate **environmental and climate risks**.
- **Strategic Acquisition:** Acquired **Jardine Lloyd Thompson (JLT)** for \$5.6 billion in 2019, expanding into **specialty insurance** markets globally.
- **Advisory-Driven Model:** Shifted to a more **advisory-focused approach**, using analytics to offer tailored, proactive risk management solutions.

THE INSURTECH LANDSCAPE IS COMPLEX WITH MULTIPLE LAYERS

Product

General insurers/SAHIs



New age insurers



Innovators



Distribution – Group

Enterprise



SME/ Blue collar



Startups



Distribution Infra



Distribution – Individual

Online first



BC led models



Claims

TPAs



Claims/ cashless assistance



Finance



SaaS/ Enablers



NEW AGE INSURTECH PLAYERS RESHAPING THE INDUSTRY

Yes, InsurTech Startups are fundamentally **reshaping the insurance landscape** - Manage Claim Processing, Customer Service for Insurers, Digital Solutions for Underwriting, Claims, Policy Management etc



The transformation driven by these technologies is making insurance more **affordable, accessible, and personalized**, addressing longstanding inefficiencies in the traditional insurance industry.

CASE STUDY : HOW **POLICYBAZAAR** RESHAPED CONSUMER PERCEPTION OF INSURANCE



Policy Bazaar

Launched in **2008**

Revolutionized the way Indian consumers purchase insurance by offering a transparent, online marketplace where users can compare policies from multiple providers

- **PolicyBazaar** made **insurance more accessible** by simplifying the process of comparing, purchasing, and managing insurance policies online.
- It **removed the dependency on agents and brought transparency.**

Before



Agent Driven



Paperwork



Opaque Pricing & Awareness



Lengthy Processes

After



Digital-First Platform



Seamless Purchase Experience



Transparent Pricing & Awareness

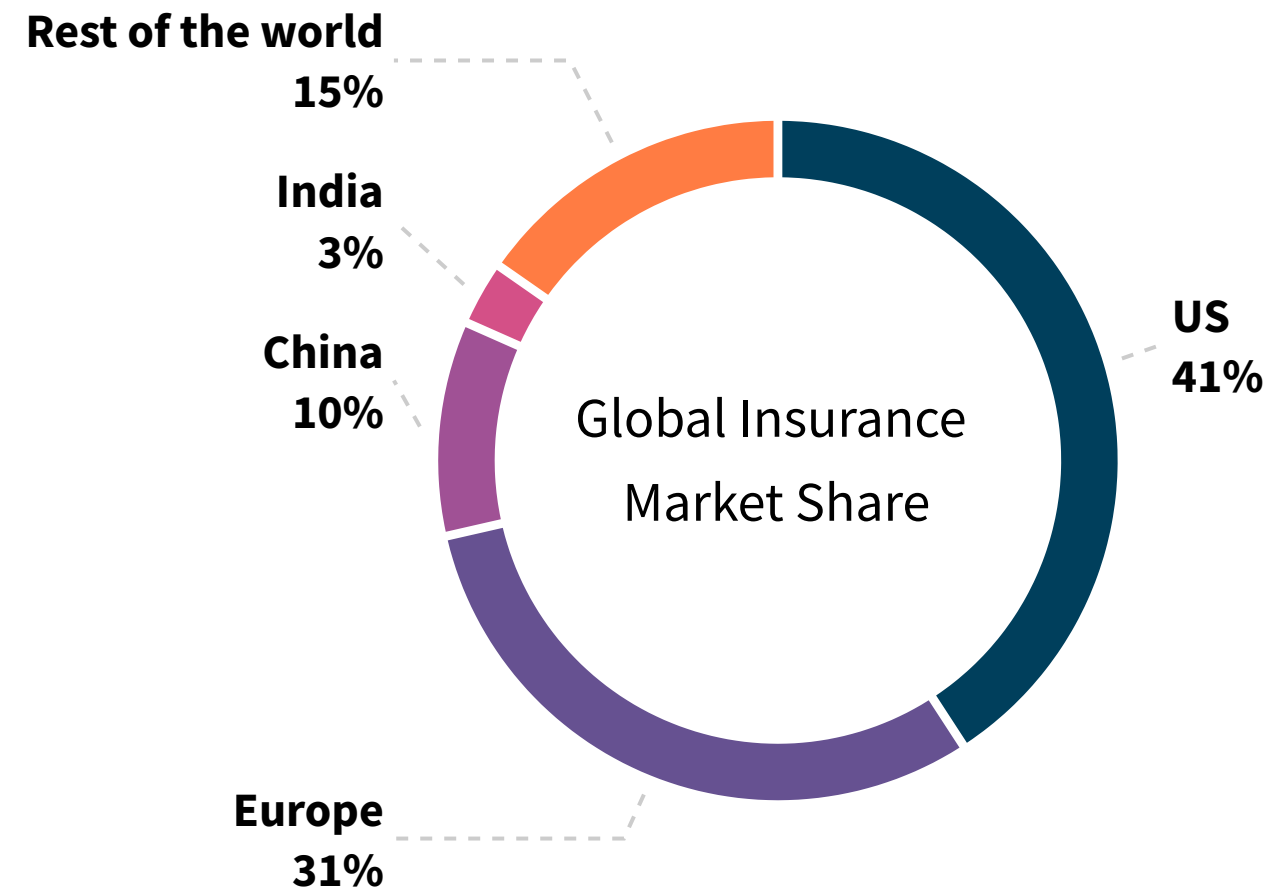


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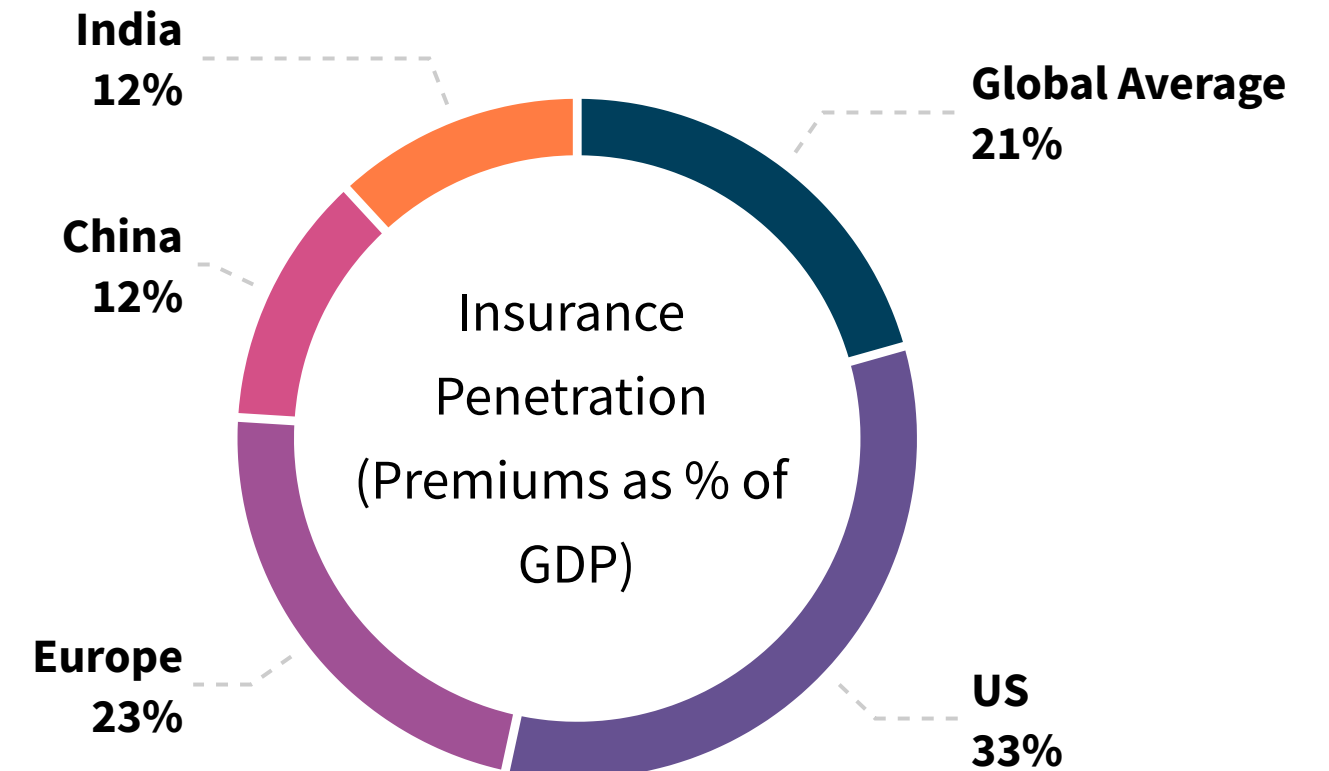
Impact

- PolicyBazaar has been pivotal in driving insurance penetration in India, especially among tech-savvy millennials and first-time buyers.
- It has emerged as India's leading insurance aggregator, processing **over 25% of life insurance** and **7% of health insurance** policies in the country.

INDIA IN COMPARISON TO WORLD



India's insurance market is relatively small, representing only around 2-3% of the global market.



While India's insurance penetration is higher than some emerging markets, it still lags behind developed economies, indicating significant room for growth.

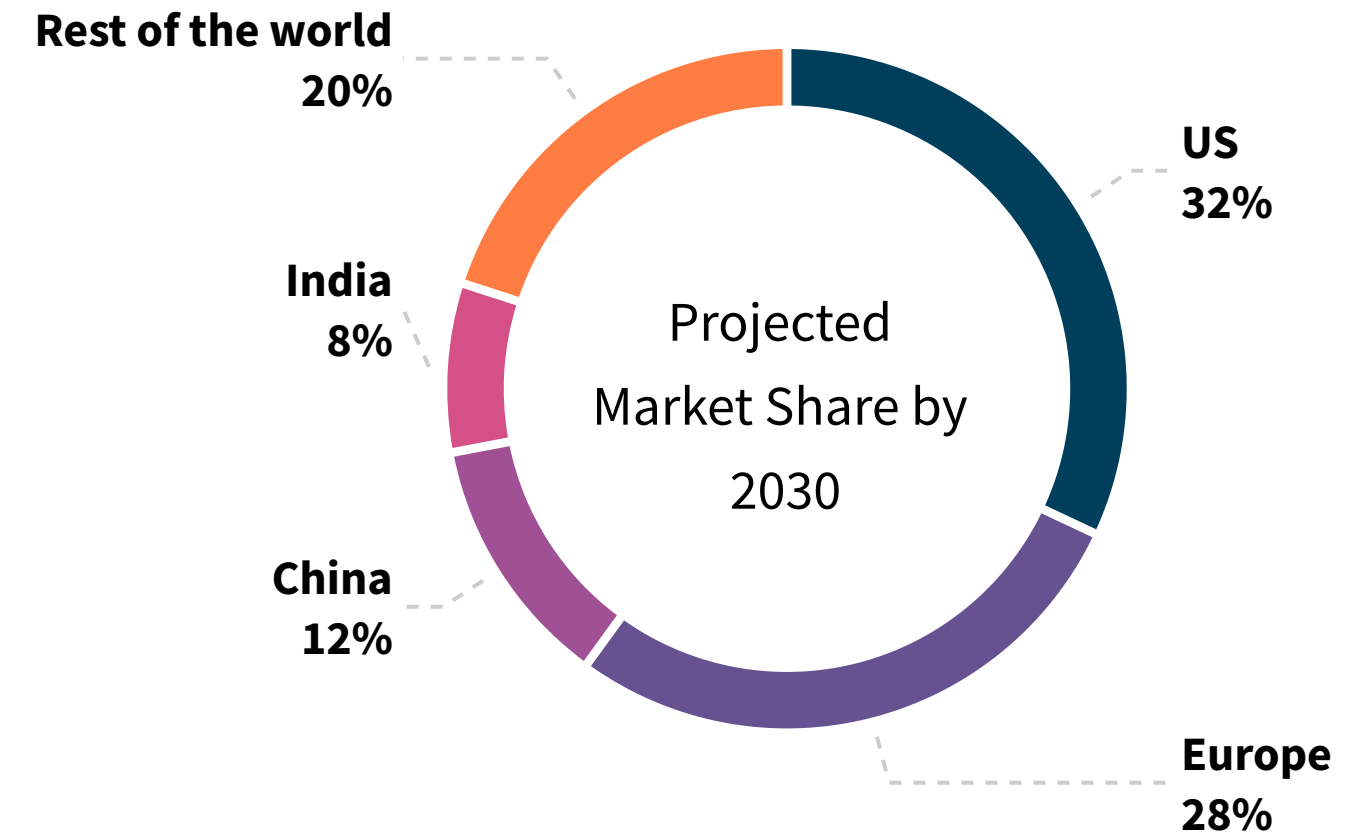
PROJECTED MARKET SIZE

Insurance Market
in India

\$222Bn

2026

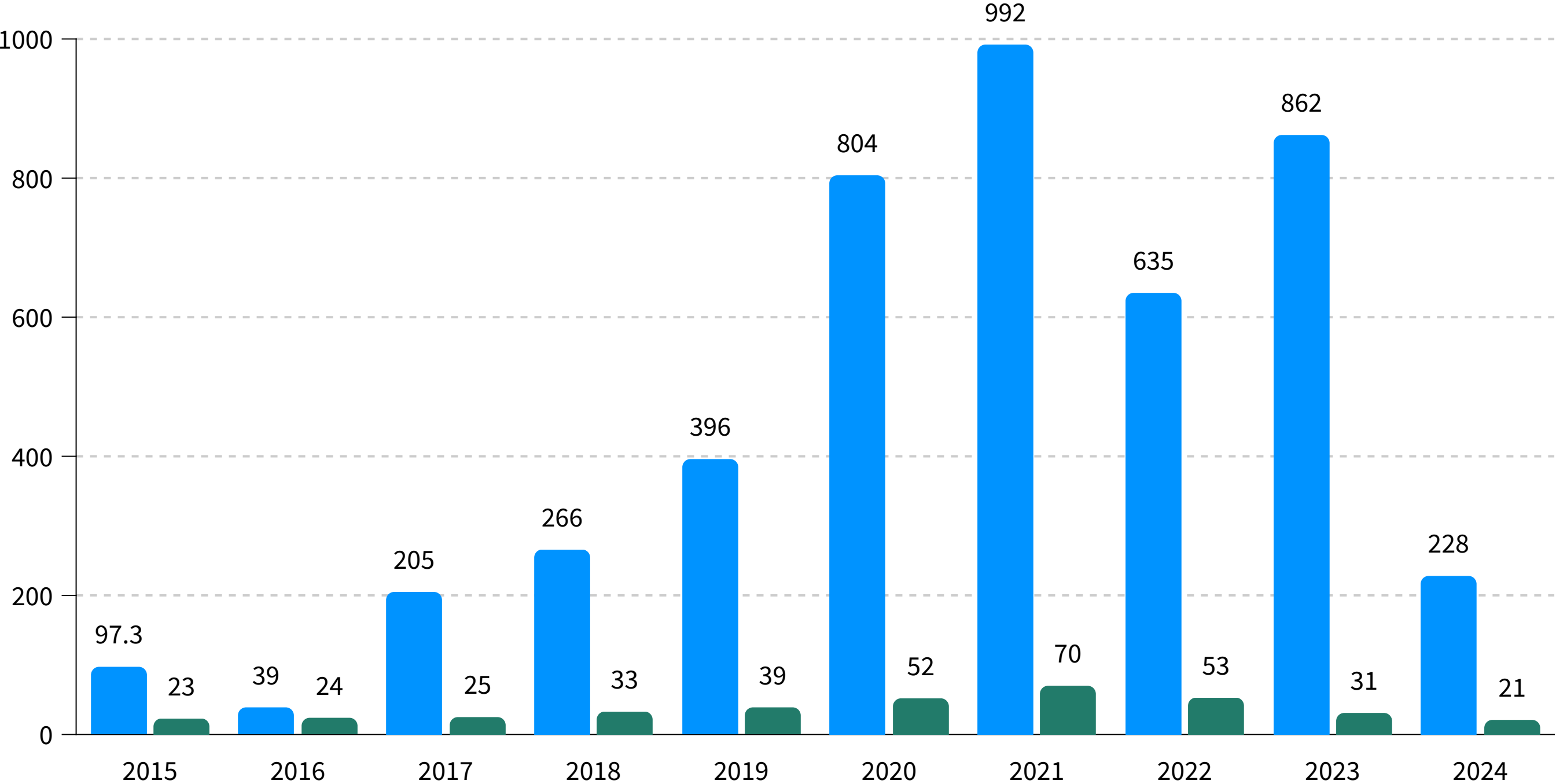
India is the **fifth largest life insurance market** in the world's emerging insurance markets, growing at a rate of 32-34% each year.



By 2030, India is expected to double its market share to around 6-8%, driven by increasing digital adoption, rising insurance awareness, and regulatory reforms.

FUNDING & INVESTMENT TRENDS

Funding in InsurTech showed strong growth till 2021 but dwindled since then



\$4.75B
Total Funding

443
Funding Rounds

\$1M
Median Round Size

Source: Tracxn

Funding in InsurTech in India (\$ Mn) # number of rounds

MAJOR PLAYERS & EMERGING STARTUPS

Indian InsureTech sector has garnered growing traction with investors

Key Highlights

~500

Active InsurTech startups in India

140+

InsurTech startups funded till date

20+

InsurTech startups acquired till date

Notable startups



Startups that went public



The Indian InsurTech sector, though still in its early stages, is rapidly evolving and showing significant promise. Over the past few years, this industry has experienced substantial developments, including the emergence of 3 unicorns – PolicyBazaar, Digit, and Acko – and 3 IPOs – PolicyBazaar, Digit and Medi Assist Healthcare

Key investments in 2023-24



Raised \$24mn Series B led by IFC



Raised \$40mn Series D led by Dai-ichi Life Holdings



Raised \$60mn Series B led by MUFG



Raised \$4.5mn bridge round led by Morphosis Venture Capital



Raised \$5mn Series A led by Bharat Innovation Fund



Raised ~\$120mn Series E led by Multiples

KEY TRENDS



INSURANCE UNDERWRITING IS SEEING PRODUCT INNOVATION

- AI-driven underwriting, personalized products.
- Data analytics enabling real-time risk assessments.



Focuses on data analytics for personalized products.



Utilizes AI for underwriting and fraud detection in health insurance



INSURANCE BROKING IS CONSOLIDATING

The broking sector is consolidating, with key players acquiring smaller firms and expanding service offerings through technology.



Secured composite broking license and acquiring domestic brokers



Acquired ABIBL for ₹455 crore, marking its entry into the insurance broking space



REINSURANCE IS THE FASTEST GROWING SECTOR

Reinsurance is rapidly growing as companies leverage technology to enhance risk management and efficiency



Expanding into reinsurance tech services for SMBs and individuals.



THANK YOU

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