GLOBAL FINTECH FEST 2026

From claims to continuous protection: Reimagining urban and rural insurance

September 2026

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FOREWORD

India's insurance industry stands at an inflection point, where rising customer expectations, evolving risk landscapes and advances in data and technology are reshaping the future of protection. Across urban India and rural Bharat, the opportunity is no longer just to expand coverage, but to make protection more relevant, accessible and responsive to the realities of everyday life.

Urban consumers are seeking protection that adapts to changing lifestyles, health needs and income patterns. Rural households require solutions that strengthen livelihoods, improve accessibility and provide support when it matters most. MSMEs need protection models that keep pace with an increasingly dynamic and interconnected economy. Together, these shifts are redefining expectations from insurance.

This creates an opportunity to reimagine insurance beyond a product that responds to loss. The future lies in continuous protection, where prevention, prediction, protection and recovery come together seamlessly. Enabled by AI, Digital Public Infrastructure (DPI), alternative data and ecosystem collaboration, insurance can become more personalized, adaptive and embedded into the lives and livelihoods it serves.

This report is anchored in a simple yet powerful conviction on retail protection, one that moves beyond episodic interventions towards an always-on model of resilience, prevention, protection and recovery.

The next frontier is not a new insurance product, but a connected protection ecosystem built around the evolving needs of people, livelihoods and enterprises.

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1 Executive summary

India's insurance industry has achieved scale, but the next frontier is protection depth. As risks become more dynamic, interconnected and frequent, achieving "Insurance for All by 2047" will require the industry to close gaps in adequacy, access and engagement, while moving decisively beyond episodic interventions towards continuous protection.

Structural shifts redefining protection

Several structural shifts are redefining the retail protection landscape and exposing the limitations of traditional insurance models:

- **Protection needs are becoming more dynamic,** while products and coverage structures remain largely static.
- **Risks are becoming increasingly interconnected,** while insurance continues to be designed and delivered in fragmented silos.
- **Competitive advantage is shifting from distribution scale to customer outcomes,** with relevance, trust and recovery experience emerging as critical differentiators.

A differentiated opportunity across India

The opportunity is large, but not homogeneous. Urban India needs protection that keeps pace with changing lifestyles, rising healthcare costs, digital dependency, new forms of work and emerging risks such as cyber threats and climate disruption. Customers increasingly expect modular cover that adapts to changing life stages and needs. Rural India, by contrast, requires livelihood-centric protection that reflects interconnected crop, livestock, health, property and income risks. Solutions should align with seasonal cash flows, leverage trusted local institutions and provide claims support that reaches customers quickly and reliably. To address these evolving needs, the report advocates a decisive **shift from episodic, claims-led insurance to continuous protection:** an always-on model delivering proactive, adaptive and recovery-focused support tailored to the distinct risk realities of urban and rural India.

Towards continuous protection

The transformation will require insurers to fundamentally rethink how protection is designed and delivered across four dimensions:

- Offering **personalized, modular and adaptive protection** aligned with customer needs, cash flows and risk profiles.
- Leveraging the power of DPI, **consented data, alternative signals and AI-enabled underwriting** to improve risk visibility.
- **Combining digital scale with trusted human and institutional networks** to reduce access, advice and servicing friction across urban and rural markets.
- Focusing on **recovery-led claims** that use AI and automation to accelerate outcomes while retaining human intervention where it matters most.

Technology can power this transformation, but trust will determine its adoption and endurance. AI, DPI, alternative data and connected ecosystems should be deployed not as standalone capabilities, but as enablers of simpler products, fairer risk assessment, more relevant engagement and faster recovery. Product, underwriting, distribution, servicing and claims should function as a connected protection architecture. **AI should be integrated with India's DPI stack rather than deployed as a standalone capability.** DPI can provide trusted rails for identity, consent, data access, payments and document exchange, while AI converts these inputs into actionable risk intelligence. Together, they can enable simpler propositions, fairer risk assessment, contextual engagement and faster recovery, while trust, consent and responsible governance remain central to adoption, with local presence at the front, digital capabilities at the core and continuous engagement across the customer lifecycle.

From ambition to coordinated action

The imperative now is to move from ambition and isolated pilots to coordinated action at scale. Insurers need to redesign propositions around evolving customer risks, while regulators, government bodies and ecosystem stakeholders enable trusted data sharing, interoperable infrastructure and responsible innovation. This requires shared priorities, clear accountability and coordinated investment across the protection value chain. Industry-wide collaboration should convert successful pilots into interoperable, scalable models that deliver consistent outcomes across both urban India and rural Bharat.

Progress should ultimately be measured not by policies issued, but by the adequacy of protection delivered and the speed and certainty of recovery. "Insurance for All by 2047" will be realized only when insurance becomes an always-on promise by anticipating risk, preventing loss and accelerating recovery. The time to build that protection ecosystem is now.

2 Decoding India's protection gap

India has emerged as the world's tenth-largest insurance market[1], generating approximately INR11.9 lakh crore in premium income in FY25[2]. Over the past five years, industry premiums have grown at nearly 10% annual growth, driven by expanding distribution, greater digital adoption, supportive regulatory reforms and increasing financial inclusion.

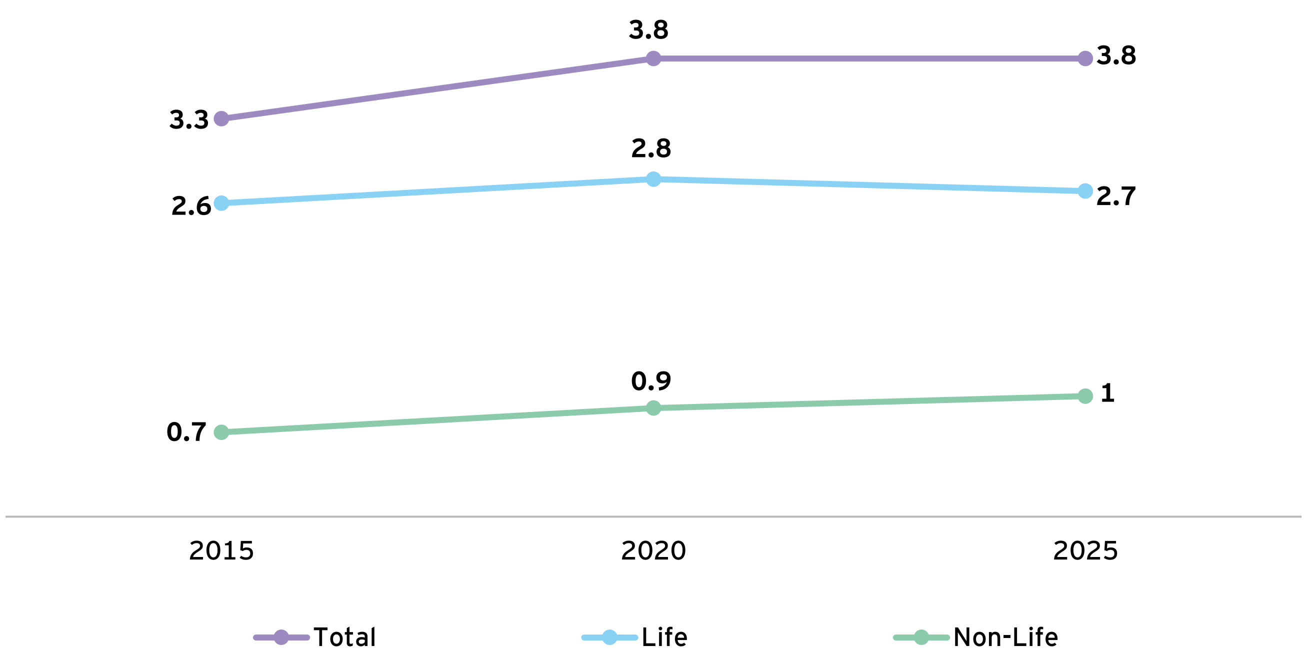
While industry growth has remained robust, premium growth has largely tracked nominal GDP over the past five years, leaving insurance penetration mostly unchanged. Moreover, rising premium volumes have not been matched by a proportional expansion in insurance coverage or financial resilience.

Insurance penetration in India: A decade of growth without a structural step-change

Insurance penetration as an indicator tracks total premiums as a proportion of GDP, serving as a proxy for the depth of insurance adoption within an economy. Insurance penetration in India has seen only marginal improvement over the past decade with growth driven by higher premium intensity among existing customers rather than broader insurance adoption.

This trend is visible across both life and health insurance, where premium growth has consistently outpaced growth in policies and lives covered. In FY25, life insurance premiums grew by 6.7%, while the number of new individual policies declined by 7.4%[3]. Similarly, health insurance premiums grew 12% YoY, compared with an 8% increase in the number of people covered[4].

Insurance penetration in India



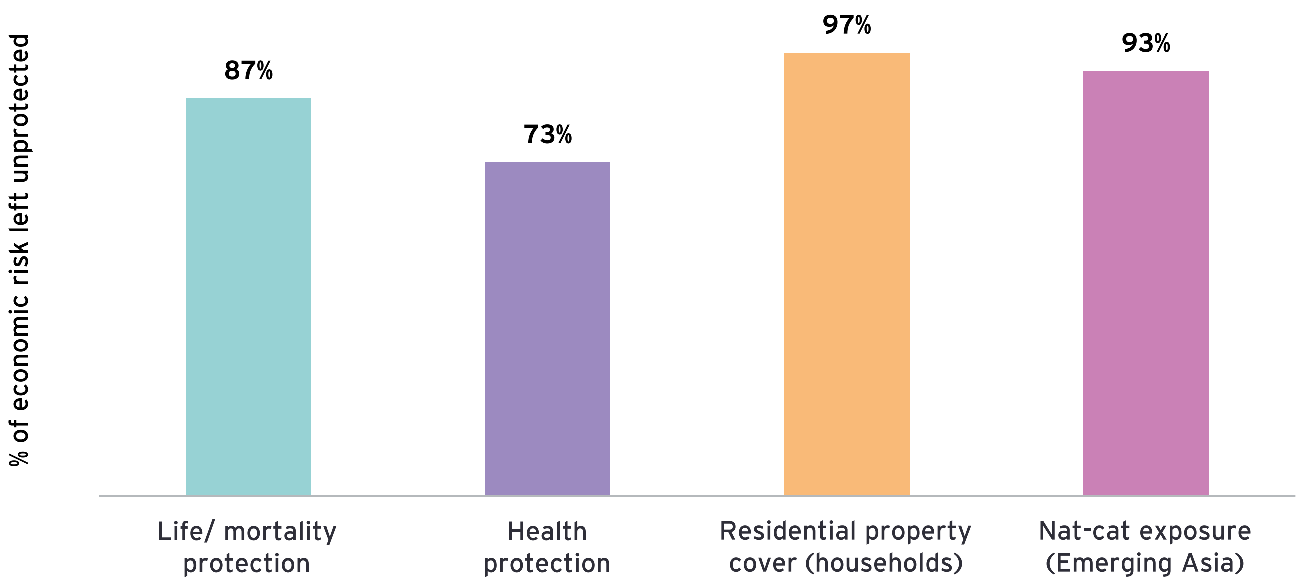
Source: IRDAI Handbook

[1]IRDAI Annual Report 2024-25
[2]IRDAI Annual Report 2024-25
[3]IRDAI Annual Report 2024-25
[4]Handbook on Indian Insurance Statistics - IRDAI 2024-25

Looking beyond traditional coverage to holistic protection

The reach gap indicates how many people are insured while the protection gap reflects how much of their economic loss would actually be covered when a claim arises.

The gap is not a coverage gap. It is a rupee gap – the unprotected share of the risk itself[5,6].



- **Life:** Inadequate life cover often falls short of replacing lost income and meeting long-term financial commitments, exposing families to significant financial hardship upon the insured's death.
- **Health:** Health insurance coverage has expanded in recent years, yet the health protection gap remains elevated. Over 40 crore individuals[7], India's missing middle, continue to lack adequate health protection, reflecting persistent challenges around accessibility, affordability and coverage adequacy amid rising healthcare costs.
- **Property and MSMEs:** Insurance penetration for residential property and small businesses remains low, leaving a large share of assets and enterprise risks uninsured.
- **Natural Catastrophe (Nat-Cat) exposure:** Despite rising climate and disaster risks, insurance protection remains insufficient, leaving a substantial share of economic losses uninsured.

[5]NIA - Enhancing Insurance Inclusivity and Bridging the Protection Gap in India (Dec 2023)
[6]Swiss Re - India's insurance market (20124)
[7]NIA - Enhancing Insurance Inclusivity and Bridging the Protection Gap in India (Dec 2023)

India's protection gap reflects two distinct realities

	Nature of opportunity	Primary gap	Challenges for insurers
Urban / Tier 1-2 India	Deepen protection	Coverage adequacy and continuity	Keeping pace with emerging risk exposures and personalization
Rural / Bharat (Tier 3+)	Expand protection	Access, affordability, and usability	Cost-to-serve and claims economics

- **Urban India is confronting a protection adequacy gap.** Customers are increasingly exposed to emerging risks arising from digital lifestyles, changing work patterns, rising healthcare costs and climate-related disruptions. Protection needs to evolve from static products into solutions that continuously adapt to changing customer requirements.
- **Rural Bharat continues to face a protection access gap.** The success of radhan Mantri Fasal Bima Yojana (PMFBY), which covered 4.19 crore farmers in FY25[8], with over 50% voluntary enrollments, demonstrates that demand exists when products are simple, accessible and embedded within existing ecosystems. The opportunity now lies in overcoming last-mile barriers across distribution, servicing and claims fulfillment to make protection more affordable and trusted.

The industry's next growth frontier lies in solving both challenges simultaneously. While rural and urban India are not homogeneous markets, several cross-cutting themes continue to shape protection needs across both segments. Although these themes are not explored in detail in the report, they remain critical to bridging India's protection gap.

India’s protection gap reflects two distinct realities and calls for a differentiated approach: Deeper, adaptive protection for urban India and accessible, livelihood-led protection for rural Bharat.

[8]Press Release Page | Press Information Bureau

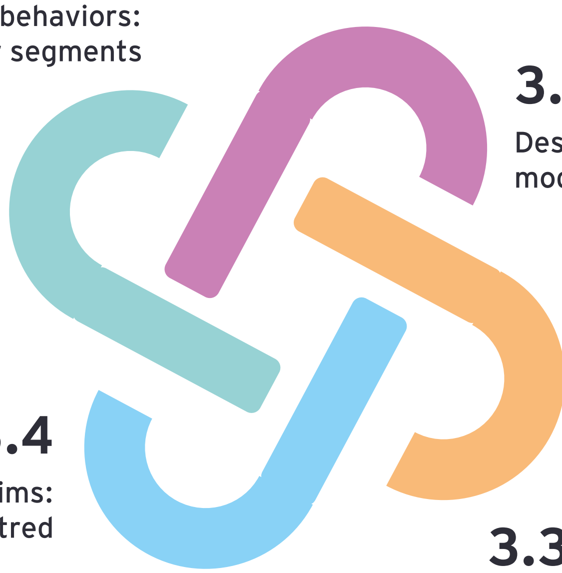
3 Shaping the next era of urban insurance

Urban insurance is shifting from static, product-centric models to real-time, customer-centric protection. As consumers demand more personalized, embedded and always-on experiences, insurers need to create solutions that evolve continuously with changing needs and behaviors.

Four key themes that will assist in shaping the next era of urban insurance:

3.1

New risk and behaviors:
Reimagining customer segments



3.2

Designing personalized and modular coverage

3.3

Protecting the MSME growth engine

3.4

Future of claims:
Autonomous yet human-centred

3.1

New risks and behaviors: Reimagining customer segments

As consumer lifestyles evolve and risk exposures become more complex, the modern urban consumer no longer fits the assumptions on which traditional insurance models were built. Today's consumer is highly interconnected and dynamic. Many have multiple income streams, digital-first financial habits, distinct lifestyles and a growing reliance on AI-enabled platforms.

Four emerging risks reshaping urban protection needs

Digital and AI risk

Digital-first lifestyles and AI are expanding exposure to cyber fraud, identity theft, deepfakes, AI errors and financial loss.

29.4 lakh[9] cyber incidents reported in 2025

Livelihood volatility risk

New-age workers face income shocks from illness, platform outages, equipment failure and business interruption.

Gig workforce expected to grow to 2.35 crores by FY30[10]

Climate shocks

Heatwaves, floods and extreme weather are increasing asset loss, business disruption and displacement.

Lifestyle related risk

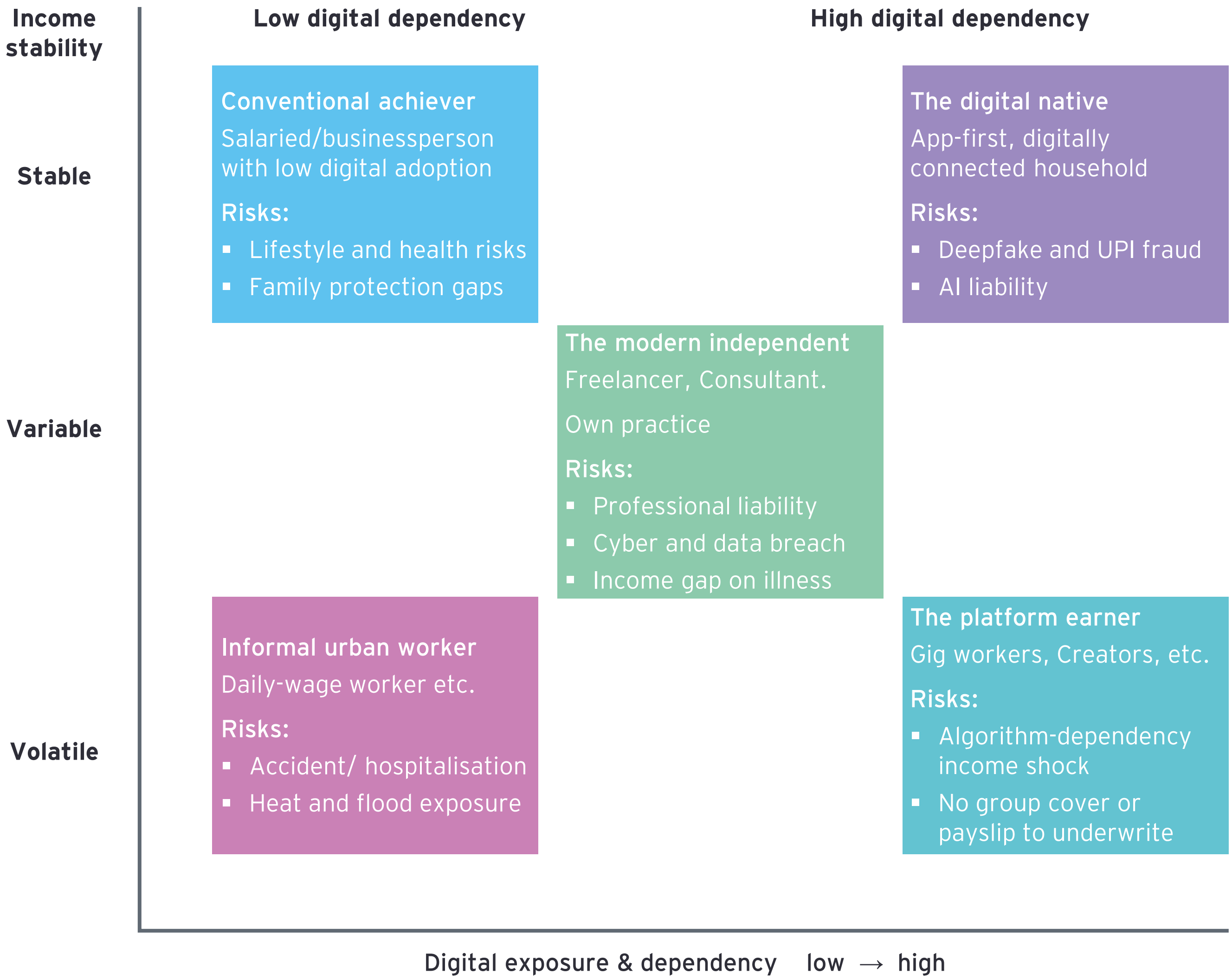
Adventure sports, activism, endurance pursuits and sedentary lifestyles are creating new risk exposures.

As these emerging risks become more prevalent, their impact is not uniform across consumers. Exposure is increasingly shaped by how individuals earn, transact, consume information and engage with digital ecosystems. A creator monetizing through multiple platforms, a gig worker dependent on algorithmic marketplaces and a salaried employee using AI-enabled financial services may share similar demographics yet face fundamentally different protection needs. This shift is exposing the limitations of traditional customer segmentation.

[9] Press Release Page | Press Information Bureau
[10] Policy Brief India's Booming Gig and Platform Economy

The future belongs to insurers that segment customers by how they live, work and behave, rather than simply by who they are. Based on consumers' levels of digital dependency and income certainty, six indicative urban customer segments emerge.

Indicative urban segments – segmenting on digital exposure and cash-flow



If risk profiles and customer segments have changed, insurance should evolve with them. Insurers that win in the next decade will not be those that simply offer competitively priced, feature-rich products, but those that better understand customer behaviors, adapt to changing lifestyles and cash flows and deliver protection where and when it is most relevant. There are foundational shifts that should guide this transformation and shape the next generation of insurance, namely:

Foundational shifts for building future-ready coverage

Shift from product-centricity to life-centricity:

Protection should be modular, not monolithic.

E.g., accident covers for the Platform earner that switches on for every cab ride or delivery and off when idle, with premiums charged per active hour rather than a flat yearly rate.

Underwrite using cash flows, not paychecks, for the non-traditional workforce:

Shifting the underwriting principle from "income proofs" to "observable income" through digital payment footprints.

E.g., underwriting a home-based seller using UPI collections, marketplace orders and repeat-customer activity, with income support triggered by hospitalization or business disruption.

Embed protection at the point of risk:

Integrate relevant protection solutions seamlessly into customers' everyday journeys, enabling coverage when risk emerges across ecosystems such as payments, lending, commerce, and digital platforms.

E.g., Providing gaming device and account protection within gaming platforms when customers purchase devices or make in-app transactions.

Strong governance around usage of real-time data and AI:

Improving pricing decision, accelerating claims processing, incentivizing prevention and simplifying customer experience.

The next generation of insurance will segment customers not by who they are, but by how they earn, engage and absorb digitization.

3.2

Designing personalized and modular coverage

Customers' coverage needs are becoming increasingly diverse. Fixed premium commitments can be difficult to sustain when income is irregular or temporarily disrupted. Even when coverage is purchased early in life, policy benefits frequently fail to keep pace with rising incomes, growing liabilities and increasing family responsibilities, leaving customers under protected as their needs evolve. Customers face multiple protection challenges across insurance categories exclusions, sub-limits, coverage gaps only at the time of claims and assistance remain reactive.

To address these challenges, insurers can adopt a customer-centric protection framework built on three principles: **personalized, modular and adaptive.** The next generation of insurance should evolve continuously alongside customers, providing protection that reflects changing needs, financial circumstances and emerging risks. By embracing this framework, insurers can move beyond transactional coverage to build deeper trust, improve protection adequacy and deliver meaningful financial resilience throughout the customer lifecycle.

Illustrative framework adoption for urban customers: Life, health and motor insurance

	Personalized Right protection for this customer	**Modular** Right combination of cover and services	**Adaptive** Right adjustment as needs and risks change
Life	**Cover curated to individual balance sheet** Sum Assured, tenure & payout linked to income, liabilities dependents and goals assessment	**Dynamic product assembly** Complementary products based on the customer needs	**Flex during financial stress** Premium holidays, reduced cover, flexible payment schedules
Health	**Lifestyle based personalization** Benefits, sub-limits and waiting periods curated to know conditions and lifestyle	**Unbundled care wallet** Customer allocates spend between indemnity cover, preventive care and value added services	**Continuous risk refresh** Update risk and care using diagnostics, wearables, claims and health-record
Motor	**Usage behavior driven pricing** Distance, driving style, route risk and parking location, not just make and model	**Pay-per-use add-ons** Long-drive, monsoon, hill-terrain and pillion covers switched on per trip	**Dynamic intelligence** Risk scores, rewards and recommendations refreshed using telematics

Protection blueprint for the urban customer: Personalized for every need, modular for every choice, adaptive for every life stage.

3.3
Protecting the MSME growth engine

India's MSMEs sector, the backbone of India's industrial economy, comprises approximately 7.5 crore enterprises and employs around 33 crore people[11], with nearly half concentrated in urban India[12]. Despite increasing formalization, access to credit and digital adoption, the sector remains underpenetrated. Insurance is bought reactively – at the point of loan, contract or asset purchase – rather than as a business resilience lever. Moreover, there are structural challenges leading to under-penetration of MSME insurance as highlighted below:

Why Indian SMEs/MSMEs remain uninsured

Product gaps
- One-size-fits-all covers with sector/specific risks missed
- Limited micro-sized and modular covers

Distribution limitations
- Banca penetration remains limited beyond credit-linked products
- Limited SME risk expertise within agency channels

Underwriting & data challenges
- Limited data availability while alternate signals remain under used
- Thin data drives proxy-based pricing– making better risks overpay

Insurers can address these structural challenges by shifting from generic, transaction-led coverage to risk-specific protection. This requires using alternative data and AI to improve risk visibility and pricing, while activating trusted channels, business ecosystems and cluster networks to make insurance more relevant, accessible and embedded in the way MSMEs operate.

[11]Press Release Page | PIB
[12]MSME Gov. Report 2024-25

Next-generation MSME insurance: From generic products to risk-specific protection plays

India's MSME insurance opportunity lies in addressing the distinct risks faced by different business segments, rather than offering one-size-fits-all products. Leveraging AI, data, and ecosystem collaboration, insurers can deliver targeted, affordable and risk-based protection aligned to MSME needs.

Illustrative protection plays and innovation opportunities across the MSME universe

	Key risk gap	Innovation opportunity
Construction, logistics and climate-exposed businesses	▪ Weather disruptions and asset losses ▪ Project delays	Parametric and climate-linked covers
Manufacturing SMEs (Auto parts, engineering, textile)	▪ Machinery breakdown ▪ Supply-chain disruption	IoT-enabled equipment and business interruption cover with AI-powered predictive risk alerts
Exporters & SME suppliers	▪ Buyer default and delayed payments ▪ Contract disruptions	Trade credit insurance enhanced by AI-driven transaction and supply-chain risk assessment
Seasonal SMEs (Tourism, textile, agri-linked)	▪ Seasonal risk exposures ▪ Volatile revenues	Flexible, seasonal coverage models aligned with business activity cycles
E-commerce and digital businesses	▪ Cyberattacks ▪ Payment fraud	Cyber protection solutions combining AI-based threat monitoring, risk prevention and incident response
Micro businesses (Retailers, traders, kiranas)	▪ Affordability constraints ▪ Low awareness	Modular, bite-sized insurance bundles with AI-driven pricing and distribution through lending and merchant ecosystems

Rewiring MSME distribution: AI-enabled, channel-led, cluster-focused

Given the advisory nature of SME insurance, traditional channels will remain the primary routes to market. The opportunity lies in augmenting these channels with AI, analytics and ecosystem collaborations to improve SME prospecting, lead generation, risk assessment and customer engagement. Insurers can drive SME penetration through the below mentioned segmented distribution strategy:

Bancassurance
- AI-led segmentation of the lending file and transaction data
- Trigger-based offers (e.g., machine cover on loan sanction)

Agency
- Build cluster specialist teams and drive targeted campaigns
- Empower agents with AI for need analysis and recommendations

Brokers and affinity partners
- Anchor-led penetration strategy (e.g., tapping large buyer's supplier network)
- AI capabilities for digital brokers (e.g., for risk scoring)

Digital ecosystems
- Ecosystem partnerships with fintechs, ERP, invoicing tools, etc.
- Embedded covers across partner journeys seamlessly

AI-led underwriting: Unlocking MSME risk visibility through alternative data

Traditional underwriting often struggles to assess MSMEs due to limited financial history, fragmented records and sparse claims data. Alternative data can help insurers develop a more granular understanding of business performance, operational resilience and risk exposure, enabling better underwriting and pricing decisions.

Underwriting insights using alternate data sources

	Key underwriting insights	Relevant MSME sectors (illustrative)
GST, MCA, Udyam, EPFO/ESIC	▪ Business formalization & compliance ▪ Workforce feasibility	Retailers, traders, manufacturers and service SMEs
Banking and account aggregator data	▪ Cash-flow patterns ▪ Liquidity and financial resilience	Micro businesses, merchants, small enterprises with limited credit history
Credit bureau data	▪ Creditworthiness ▪ Repayment behavior	Borrower MSMEs, distributors SME suppliers
Utility data	▪ Business activity levels ▪ Operational continuity	Manufacturing units, warehouses and retail outlets
E-way bills and supply-chain data	▪ Inventory movement & business scale ▪ Supplier/ buyer dependencies	Exporters, logistics, auto components and textiles
Geospatial and climate data	▪ Exposure to weather events	Construction, warehousing, agri-processing and coastal businesses

The future of MSME underwriting lies in combining traditional financial assessment with alternative data sources to create a real-time view of business risk. This can improve risk selection, enable more accurate pricing, accelerate underwriting decisions and expand coverage for underserved MSME segments.

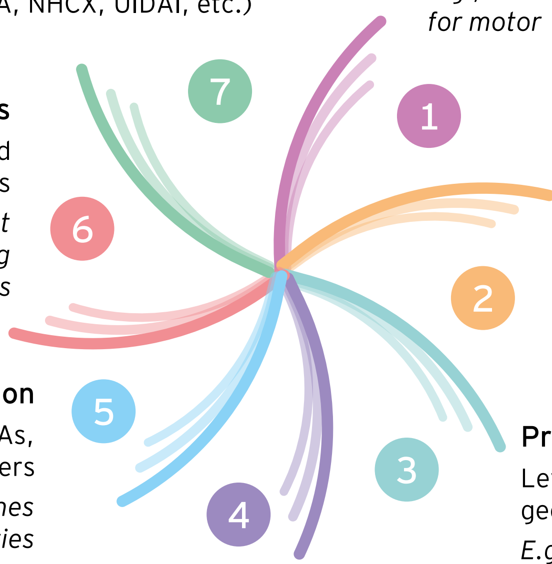
MSME resilience is likely to be built through data-driven, ecosystem-led protection, not one-size-fits-all coverage.

3.4

Future of claims: Autonomous yet human-centered

Claims represent the ultimate test of an insurer's promise, shaping customer trust, loyalty and advocacy at moments of greatest need. Yet many claim journeys remain fragmented, reactive and operationally intensive. Heavy reliance on documentation, manual interventions and disconnected processes can create delays, increase customer effort and weaken trust at a moment that matters most. Insurers must harness AI and invest to build next-generation claims capabilities. The ambition must be to transform claims from a transactional settlement process into a proactive recovery experience—autonomous where possible and human where it matters most.

Levers to build next-generation claims capabilities



1 Anytime, anywhere claims intake

Trigger AI-led claims

E.g., instant FNOL using telematics for motor

2 Connected recovery ecosystem

Hospitals, repairers, mobility, advisory and support partners

E.g., AI maps each claim to the best-fit repair partner based on capacity, TAT and customer ratings

3 Predict and prevent

Leveraging telematics, weather, geospatial and IoT data

E.g., satellite drought signals to release farmer payouts

4 Touchless assessment

Leverage AI to assess loss and settle routine claims

E.g., bills are checked against policy limits and paid within minutes

5 Agentic orchestration

Insurers, hospitals, garages, TPAs, partners and customers

E.g., an agent tracks, intervenes and nudges overdue parties

6 Fraud analytics and controls

Combine identity, behavioral and network analytics

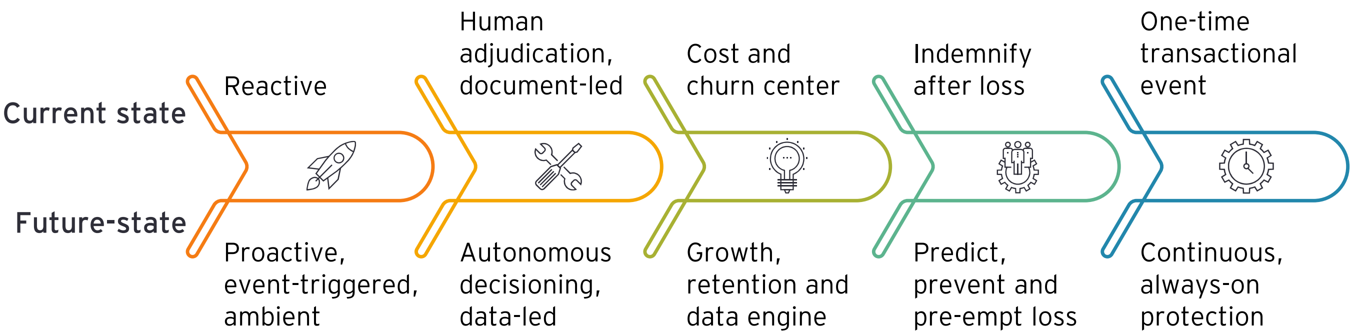
E.g., shared nominee, account and examiner patterns flag suspicious life claims

7 Leverage regulatory and government initiatives

Consented and standardized data exchange

(ABHA, NHCX, UIDAI, etc.)

By enabling autonomous decisioning, real-time verification and zero-touch journeys, insurers can move from simply reimbursing losses to actively improving customer outcomes across the protection lifecycle. Claims therefore evolve from a transactional settlement process into a strategic capability that drives trust, engagement and long-term value creation. This shift is likely to fundamentally reshape the claims operating model.



High-frequency, low-complexity claims such as motor, travel and device insurance are well suited for autonomous, zero-touch settlement with minimal human intervention. By contrast, health and life insurance claims may continue to require a phygital model, combining AI-led decisioning, proactive guidance, and human support at moments that matter most. The same AI-enabled infrastructure can also proactively identify eligible beneficiaries, detect claim-triggering events and initiate claims journeys automatically, helping reduce unclaimed benefits while delivering a faster, more seamless experience.

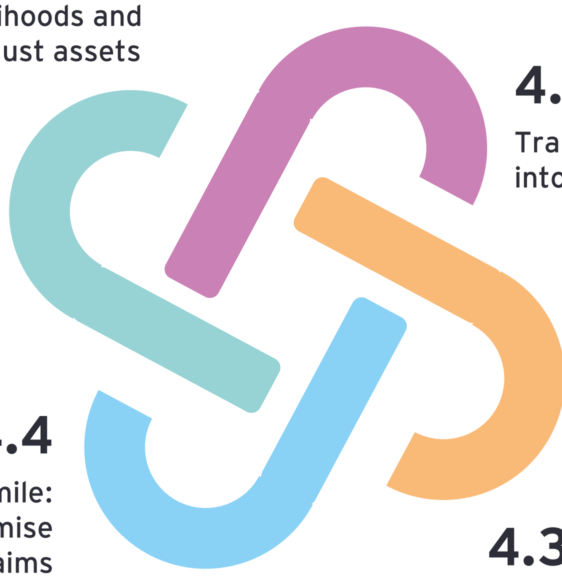
The future of claims is recovery-led: Automate the routine, humanize the critical.

4 Bharat is the next protection frontier

Unlocking the next phase of growth in Bharat requires moving beyond access to outcomes. Insurance must evolve from protecting assets to safeguarding livelihoods, enabled by integrated protection models, climate-resilient products, digital ecosystems and seamless recovery journeys.

The report examines four strategic themes that can accelerate this transformation

4.1
Protecting livelihoods and not just assets



4.2
Transforming rural data into risk intelligence

4.4
The real last mile: Delivering on the promise through claims

4.3
Phygital blueprint for rural engagement

4.1

Integrated livelihood and parametric protection

Rural households do not experience crops, livestock, health or income risks separately; they experience them as single livelihood shock. Yet insurance products, underwriting models and claims processes continue to operate in silos, resulting in fragmented protection that rarely matches the full economic impact of a disruption.

Addressing this gap requires overcoming several structural challenges, namely:

- **Product design remains siloed**, with separate underwriting, pricing and claims models.
- **Rural risks are interconnected,** making risk assessment and exposure management complex.
- **Misaligned premium cycles** with seasonal cash flows leading to affordability challenges.
- **Claims journeys remain fragmented,** delaying recovery and reducing trust.

The opportunity is to shift from asset-centric insurance to livelihood-centric protection, integrating multiple risks within a single protection architecture and combining it with trigger-based recovery mechanisms. Four levers that will assist insurers in designing the next generation of integrated livelihood protection solutions are mentioned below:

Levers for designing integrated livelihood protection

Underwrite the household as one economic unit

- Integrated protection under a single policy and enrollment
- E.g., 90 days of household income guarantee protection

Embed protection across ecosystems

- Embed cover as a benefit at the point of risk across ecosystems
- E.g., cattle cover for dairy farmers embedded at the time of enrollment with a milk cooperative

Build flexibility by design

- Flexible coverage adapting across changing livelihood and household needs
- Flexible premium collections (e.g., synchronized with earning cycles)

Scale parametric protection for rapid relief

- Use pre-defined triggers to automate transparent payouts
- Link trusted event data to rapid relief for weather and livelihood shocks

While the first three levers focus on delivering integrated and personalized livelihood protection, a key challenge that insurers must address is how protection is delivered when a loss occurs. Parametric protection can assist in addressing this gap by linking payouts to predefined triggers, enabling faster recovery and transforming insurance from delayed compensation into a proactive resilience mechanism.

Parametric protection: Pay on signal

As livelihood shocks become more frequent, insurers need to focus on accelerating recovery. Parametric insurance offers a powerful alternative to traditional cover and enables transforming real-time risk signals into rapid financial assistance.

Illustrative insurance segments where parametric insurance can close rural protection gaps

	Crop	Livestock	Dwelling, shop and equipment
Market signal	Rural risk is large and climate-linked	The household's most liquid income asset is effectively uninsured	Assets carry climate exposure with no scheme behind them
Evidence retained	▪ ~45% of the workforce in agriculture[13] ▪ Two-thirds cropland drought-exposed[14]	~91% of cattle and ~99% of cattle-holders uninsured[15]	~93% Nat-Cat exposure protection gap in India[16]
Product design imperatives	▪ Build event-based cover for drought, excess rain, flood, heat and moisture stress ▪ Link payout to measurable weather or crop-condition triggers	▪ Embed cover at point of purchase or point of income (e.g., diary) ▪ Parametric triggers linked to heat index and weather markers	Parametric district-level flood and cyclone index covers

The opportunity is not merely to design relevant parametric products, but to leverage existing data infrastructure and build a large-scale signal-driven protection ecosystem. By combining alternate data and risk signals, Digital Public Infrastructure and established rural insurance networks, insurers can move from claims assessment to automated recovery, delivering timely financial support at scale.

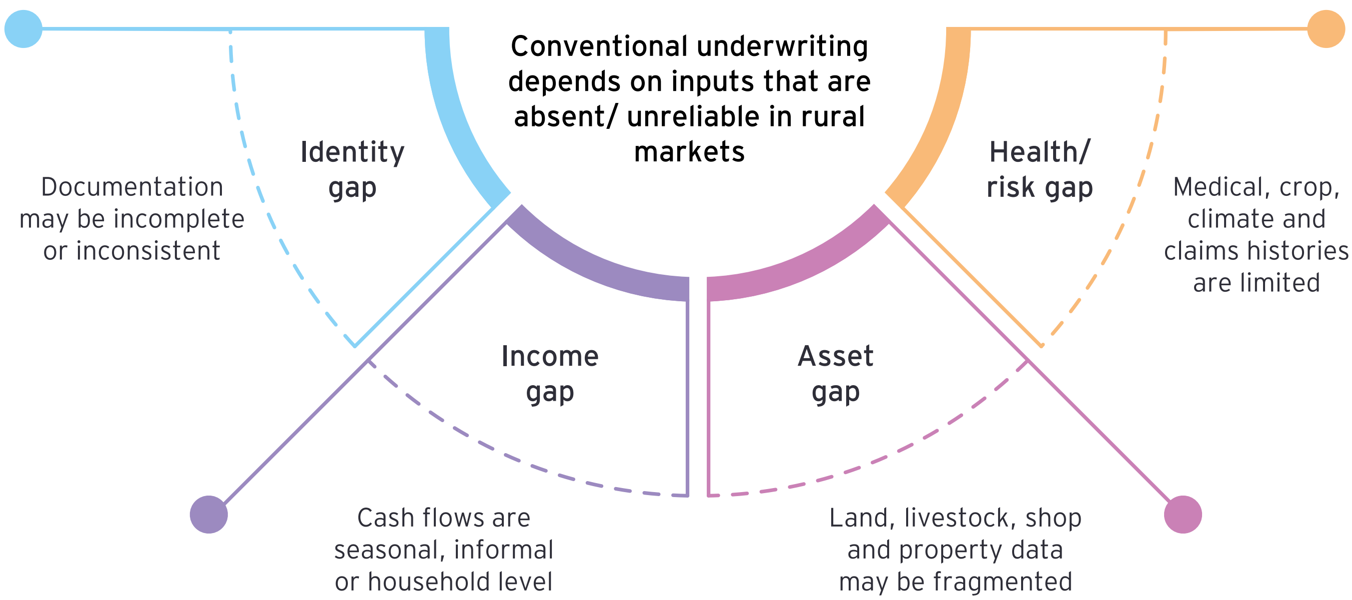
The opportunity in Bharat lies in protecting livelihoods through integrated, trigger-based protection that enables faster recovery and develops trust in community, when it matters most.

[13]MoSPI, Periodic Labour Force Survey (PLFS) Annual Report 2023-24.
[14]Global crop insurance | Swiss Re
[15]Livestock India Brochure | Swiss Re
[16]Swiss Re

4.2
Transforming rural data into risk intelligence

India's rural insurance gap is one of depth, not reach. Despite over 58 crores Jan Dhan accounts[17], over 15 crores were inoperative in 2025[18]. It is imperative to understand that ownership does not equal inclusion, and insurance faces this same trap: incomplete data, fragmented records and high verification costs push insurers towards flat pricing, leading to a protection gap.

Why traditional underwriting structurally fails rural India



Rural underwriting cannot simply replicate urban underwriting as identification, income, asset and health/ risk data is either thin or unreliable. Underwriting must move from paperwork to trusted signals.

[17] Pradhan Mantri Jan-Dhan Yojana | Department of Financial Services | Ministry of Finance
[18] MoS Finance says 15 cr PM Jan Dhan accounts are inoperative - Asia Insurance Post

Rural underwriting cannot simply replicate urban underwriting as identification, income, asset and health/risk data is either thin or unreliable. Underwriting must move from paperwork to trusted signals. DPI-enabled alternative data is not just a digital convenience; it becomes a new actuarial input layer that turns dispersed rural information into usable risk intelligence. This emerging stack brings together consented financial data, verified identity, digital documents, health ecosystem data, geospatial intelligence and public datasets to create a more complete risk profile.

Alternative data sources	Digital public infrastructure	Underwriting intelligence	Insurance decision
Satellite, weather, farmland, banking, GST, health and location signals	Aadhar, DigiLocker, UPI, Account Aggregator (AA), ABDM, Bima Sugam and rural data APIs	Affordability score, risk score, fraud score and claims profitability	Personalized pricing, product eligibility, premium flexibility and claims triage
3,100+[19]	**28.46 crores**[19]	**~94 crore**[19]	**104+ crore**[19]
Welfare schemes authenticated via Aadhaar	User-linked accounts on Account Aggregator (as of Mar'26)	ABHA health IDs created	Electronic health records linked

DPI can help insurers move from document-led underwriting to signal-led underwriting by providing access to trusted, consent-based data

Winning insurers will be those that identify the most relevant and trusted signals, translate them into robust underwriting proxies, and tailor their applications to life, health, agriculture, livestock and property lines. However, this shift is not taking place at scale today because the bottleneck is no longer just data availability; it is data acceptability. Alternative signals must be trusted by the broader risk ecosystem – reinsurers, regulators, actuaries, distribution partners and customers.

[19] Press Release Page | Press Information Bureau
Account Aggregator Framework | Department of Financial Services | Ministry of Finance | Government of India
Ayushman Bharat Digital Mission
Press Release: Press Information Bureau

Challenge	Why it matters	How to solve it
Reinsurance acceptability	Satellite, weather, farmland, banking, GST, health and location signals	Build validation packs with back-testing, loss correlation, auditability and model documentation.
Weak claims linkage	Proxies may be intuitive but not yet proven predictive.	Run parallel pilots and create product-wise signal-to-loss libraries.
Patchy data quality	Rural data varies by source, season and geography.	Score data reliability, triangulate sources and calibrate models locally.
Proxy basis risk	Indirect signals may not fully reflect mortality, morbidity or asset risk.	Use proxies as supporting inputs within blended underwriting models.
Channel explainability	Customers may not understand data-led pricing.	Equip agents, CSCs and BCs with simple vernacular explainers.
Operating-model inertia	Teams remain built around document-led underwriting.	Create cross-functional rural underwriting squads across actuarial, data, product, claims and compliance.

Once these barriers are addressed, alternative data can be applied by product line – not as a generic rural risk score, but as a combination of risk-specific signals and broader behavioral proxies. The opportunity lies not in finding perfect data, but in using credible proxies where direct evidence is limited.

The future of rural underwriting will not be built on documents, but on digitally verifiable signals. As DPI, alternative data and AI mature, underwriting can evolve from periodic risk assessment to a continuously updated view of risk. This shift can expand insurability, improve affordability, and make protection accessible to millions previously excluded by traditional underwriting models.

Unlocking rural insurance growth requires turning everyday livelihood signals into underwriting confidence.

4.3
Phygital blueprint for rural engagement

Engagement remains one of the key challenges for insurers in rural India. Despite the presence of banks, business correspondents, common service centers, post offices, self-help groups (SHGs) and local agents, customer journeys often break down due to gaps in trust, language awareness and sustained engagement. Human-led distribution models struggle to scale, while fully digital models often assume reliable connectivity and digital literacy. The opportunity lies in building a **Phygital Engagement Network** that combines trusted local touchpoints with AI-powered capabilities such as voice, vernacular advisors, messaging platforms and IVR, enabling continuous, personalized and scalable customer engagement.

Why traditional insurance engagement models break down

Trust gap
Trusted intermediaries influence decisions; digital channels lack credibility

Literacy and awareness gap
Insurance remains complex and difficult to navigate

Language gap
Limited vernacular support hinders adoption

Continuity gap
Engagement weakens after policy purchase

Addressing pain points using a Phygital Engagement

Humans in the loop → Voice first, content aware engagement → Vernacular by design → Continuous engagement

The pillars of the Phygital Engagement Network

Humans in the loop:

- **Provide human support for high-stakes moments:** Use human intervention for situations requiring judgment, empathy, authorization or dispute resolution, while automating routine interactions.
- **Enable seamless handoffs across channels:** Ensure human representatives receive the customer's conversation history, documents, language preference and completed actions.

Voice-first, context-aware engagement

- **Build understanding through context:** Explain protection through familiar livelihood events and simple spoken scenarios, rather than reading written content aloud.
- **Guide customers conversationally:** Use short interactions to identify needs, clarify unfamiliar terms, check comprehension and recommend the next relevant action.

Vernacular by design

- **Localize meaning, not just language:** Adapt explanations, examples and interactions to local contexts while clearly communicating benefits, exclusions and claims requirements.
- **Preserve customer preferences:** Retain the customer's preferred language and channel across touchpoints, with controls to keep simplified communication accurate and consistent.

Continuous engagement beyond insurance sales

- **Engage around the customer's livelihood cycle:** Time reminders, payment support and protection reviews of seasonal cash flows, changing risks and policy events.
- **Stay present through servicing and claims:** Provide proactive guidance, assisted payment recovery, document support and status visibility beyond the point of sale.

Illustrative conversational insurance journey

Listen
Ramesh shares in Marathi that monsoon flooding often damages stock and disrupts sales.

Assess
Consented UPI transactions and inventory patterns reveal his income and protection gaps.

Explain
A voice assistant explains shop, stock and income protection using a simple flood-loss scenario.

Connect
A local banking correspondent helps him select the cover and complete enrollment.

Engage
He receives timely weather alerts, seasonal coverage reviews and assisted claims support after disruption.

The future of customer engagement in Bharat lies in blending trusted human networks with AI-driven personalization and continuous support.

4.4

The real last mile: Delivering on the promise through claims

Claims remain the ultimate moment of truth in insurance, translating a promise made at purchase into tangible financial support during times of need. While urban customers benefit from dense networks of hospitals, garages, service providers, branches, and digital support channels, rural India, home to nearly two-thirds of the population, continues to face significant barriers. These challenges often limit access to timely claims assistance and support.

Limited provider networks, greater reliance on physical documentation, longer distances to service points and lower awareness of claims processes often make the path to settlement complex and uncertain. Four key challenges across rural claims are:

Documentation & process friction

- Missing documents delay claim filing and settlement
- Low claims literacy drives errors and rejections

Liquidity pressure

- Cashless gaps force upfront payment
- Slow reimbursements strain household cash flow

Weak local claims support

- Thin branch and partner networks slow resolution and erode trust

Fragmented recovery support

- Healthcare, repair, legal and income-restoration services remain distant

Insurers will need to move beyond traditional claims KPIs centred on settlement ratios and turnaround times and instead measure outcomes through a customer lens. This calls for a shift from centralized claims administration to a distributed recovery ecosystem, where claims support, verification, and fulfilment are embedded closer to the customer. Achieving this will require re-architecting rural claims around accessibility, trust, and ecosystem partnerships. Alternative data sources such as weather, satellite, and geospatial intelligence can enable proactive assessment and faster settlement, while integration with digital public infrastructure can materially reduce documentation burdens.

Building accessible and inclusive rural claims journey

Pillar of next-gen rural claims ecosystem

1 Hyperlocal claims Sahayak network

Transform CSCs, SHGs, dairy cooperatives, BC agents and village entrepreneurs into local claims hubs for claim filing, documentation, tracking and settlement support

Dairy cooperative networks already log every farmer's daily milk deliveries. The same secretary can intimate a cattle-death claim on the same day.

2 Alternate evidence claims verification

Replace unattainable certificates with alternate authentication methodologies from independent local sources for defined claim categories (death, livestock)

A death claim 40 km from the nearest sub-registrar is settled based on a sarpanch's written confirmation and the Anganwadi worker's register

3 Rapid relief claims payouts

Release a fixed, modest sum (e.g., INR5,000–INR10,000) within 48 hours of claim intimation alone, before the full paperwork is verified and settle the rest after checks

An interim payout prevents families from borrowing at high interest rates to cover funeral costs while the insurer verifies documents over the following weeks

4 Proactive, assisted claims tracking

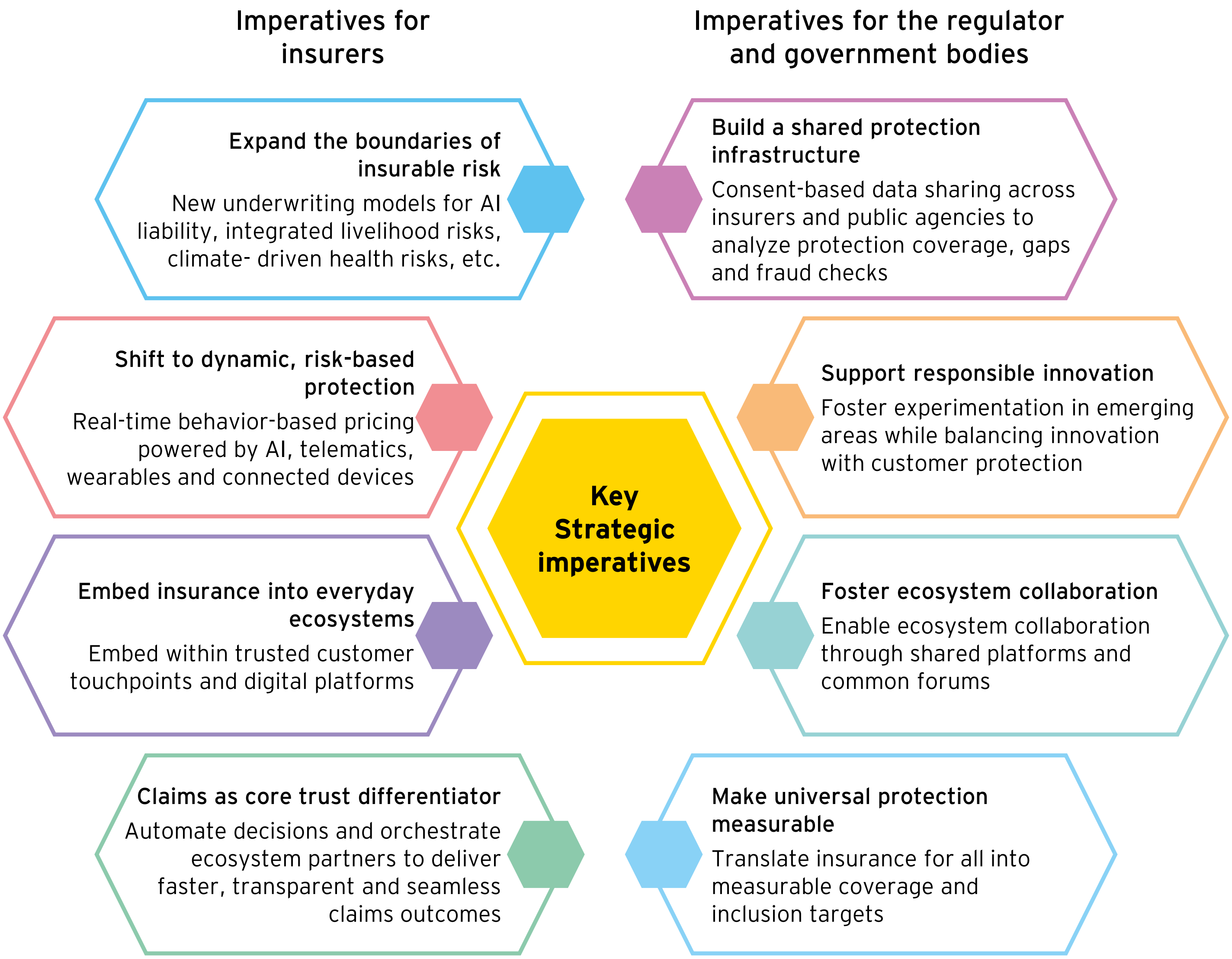
A high-touch, low-effort tracking experience where claim status is actively shared via local-language notifications and supported by familiar on-ground intermediaries

A rural claimant receives a Hindi/Bhojpuri IVR call/SMS update on claims verification and payout timelines, with follow-up support from the CSC operator who filed the claim

> Claims reach remains a last-mile challenge in Bharat. Trust is built only when recovery is accessible, timely and within reach of every customer.

5 Way forward and road to 2047

Achieving the vision of **Insurance for All** by 2047 will require insurers to transition from selling annual policies to delivering continuous, contextual protection embedded into everyday life. The transition from claims-based insurance to continuous protection requires an enabling ecosystem where regulations, digital infrastructure, data-sharing frameworks, and industry partnerships evolve alongside product innovation.



The future of insurance will depend as much on ecosystem enablement as on product innovation. Shared infrastructure, trusted data-sharing, adaptive regulation and connected ecosystems may help transform insurance from a reactive claims mechanism into a continuous protection platform.

The journey towards ‘Insurance for All’ requires coordinated action across insurers, regulators, technology providers, financial institutions and community-based distribution networks. As customer risks become more dynamic and interconnected, insurance must evolve from a reactive claims mechanism into a proactive protection platform that anticipates risks, prevents losses and delivers support when it is needed most.

Realizing this vision requires adaptive regulation, interoperable digital infrastructure, trusted data-sharing frameworks and stronger public-private collaboration. Together, these enablers have the ability to create an ecosystem where insurance is seamlessly embedded into everyday economic activity, expanding protection to previously underserved populations while making coverage more relevant, affordable and accessible. In doing so, India has the opportunity not only to achieve Insurance for All by 2047 but also to establish a globally relevant model for inclusive, technology-enabled protection.

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