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The story behind Edelweiss General great 'Switch'

Sometime in 2019, the Insurance Regulatory and Development Authority of India (IRDAI) had invited insurance companies to submit innovative policy products which will protect the interest of the policyholders. This was done under the aegis of IRDAI (Regulatory Sandbox) Regulations, 2019.

Earlier this year, IRDAI gave its approval to 33 such regulatory Sandbox proposals. This included Edelweiss General Insurance's innovative motor vehicle insurance scheme, called Switch. This new policy under the regulatory Sandbox is an app based one for multiple vehicle usage and is a floater policy for four-wheeler and two-wheeler vehicles.

In this exclusive interview with Adgully, **Shanai Ghosh, Executive Director & CEO, Edelweiss General Insurance**, spoke with lot of passion and in detail on the launch of this new product and how it will help vehicle policy holders to save money in today's trying times because of its unique and flexible features.

What motivated Edelweiss General Insurance to launch this new motor policy and how is it different than your other policies?
The consumers' usage patterns and consumer behaviour is what really motivated us to think about this policy. We started developing this product last year and realised the change in the driving behaviour of consumers. We found that there was growing usage of shared mobility and radio cabs, people were becoming more environmentally conscious, which led to carpooling a lot more and less in using public transport and driving their own cars daily.

We pounced on this opportunity when the regulator came up with the Sandbox initiative, which was open for literally one month. It opened in mid-September and we had to file by mid-October. This opened an opportunity to address the growing consumer needs and trends and that's how we started with it.

In today's environment, you might not be using radio cab, but it is more relevant than ever because you are not using your car every day. And there are so many conversations around what can I do with car insurance if I don't use it a lot, can you extend it? So, we felt this is a brilliant product to address that need, if you don't use, don't pay. Simple. Also, the power to switch on and switch off is in the consumers' hands, so we are trusting the consumer a lot here.

There was also a growing trend of families owning multiple vehicles and not necessarily using them every day. Internationally, the concept of usage-based insurance is accepted, where a consumer says, "If I don't use something, then why should I pay for it?" We realised there was a growing need for on-demand products and services. So, we said why should insurance be outside the realm of the changing consumer behaviour pattern and changing preferences? We, therefore, strongly felt that we should align with the consumer preferences and satisfy their needs. Thus, we created an on-demand, usage-based motor insurance policy, which the consumer can switch on and off based on his or her usage. Internationally, it already exists and it's called usage-based insurance.

How does the usage-based insurance work? How do you monitor the usage of the vehicles? Is there any device installed inside the vehicle?
Broadly, it works in two different ways:

1. **Pay how you drive** – Where it is directly linked to the kind of driving behaviour. Good driving would mean lower insurance premium and vice versa. To price it, you have to collect data as there are different aspects to driving (how hard you step on the brake, jerks, etc.), so all that data is collected and once it is priced, you can create those models and launch.
2. **Pay as you drive** – It is linked to how much you are driving, mileage or number of days you drive.

No, there is no device installed in the vehicle. We realised that it would be an adoption challenge if you had a device like that to be placed. We also had a short period for filing and approval, so we wanted to quickly go make a product ready in quick time, which could test the concept and acceptability without having to install a device, which may create a barrier to adoption. We only had just 6 months' pilot period, so after thinking of all this, we decided let's not link it to the device and let it be app based, which can be switched on and off. So, it's pretty simple and straight forward and hassle free. The customer buys the policy online, you get a link to download the app and that app is your policy.

What is your marketing objective and how did you arrive at it for this new product?
The marketing objective is to establish a new concept and a new way of protecting your car. And to tap customers who are probably early adopters and who fit this segment of people who would like to have a product that they can control themselves. People who own multiple cars – which they don't use for various reasons (people don't go to office every day or use public transport, some people go on a holiday), so they don't necessarily use their car every day.

But more importantly, there are many hypotheses that we are trying to test. We are saying that this set of customers, especially in urban centers, don't use their vehicles every day or people having multiple vehicles may not use it every day. There are hypotheses saying that if these set of customers were to buy a policy and have a power to switch on and off, then they would have some saving. We

also have a hypothesis which is driver based and the premium is linked to the age and driving experience of the customer. So, we will also be testing these other hypotheses.

We will be chasing certain umbers. The regulator has prescribed some outer limits (numbers) and we are confident that it is going to cross that target.

How many vehicles can one insure at a time? How are the premiums fixed and monitored? How does the pay per use model work?
To start with, one can insure a minimum of one vehicle and then multiple vehicles can be added. Right now, it is not important to take 3 vehicles. We think one car owner may not be using the car every day. There are at least 15 days that you may take as vacation. Therefore, those 15 days could be savings.

Premium is fixed based on 3 to 4 key factors. Primarily, the driver's age and driving experience. Apart from that, your own damage protection has 3 aspects, which are: it covers you against fire, theft and damage due to accident. Fire and theft are a 24x7 requirement. We realised that even when you are travelling, your car can get stolen, so it is a 24x7 requirement. Your accidental damage happens while moving, so it can be switched on and off. So, for this, there will be unit pricing. Since ours is a floater concept, if you add vehicles, there will be a lower premium attached.

We wanted to keep it simple and we linked it to pay per use. You either switch it on for a day or off for a day. You can switch it on any time before 9 am in the morning and switch it off. It also makes it flexible for the customer to make it a routine. So, when a person downloads the app, they can decide their pattern, that is, Monday to Friday switch on and switch off on Saturday and Sunday. You can also switch it on for all 7 days of the week, and the day you don't use the vehicle, you can manually switch it off.

So, when it comes to premiums, we take an initial premium and then onwards it is monthly and then for next month we adjust the saving in the month's premium. The regulation requires us to take the premium before the cover starts.

On monitoring and tracking, since this is app based, at the end of the month the customer can look and check their usage and save premium for the next month. So, when one takes the vehicle out, they have to switch it on. You can set a default pattern to keep it switched on from Monday to Friday.

How have you branded this product? Will it not cannibalise your other offerings?
Yes, we have branded it. We will be calling this new product as **Edelweiss Switch – switch to us.** It is available on both Android and iPhone operating systems. We didn't want to make it compulsory to download the app. You first buy the policy online and only then do you have to download the app, since the app then will be your policy itself. We did all the analysis for this. People do not really want to download new apps all the time.

You must have heard that innovation is the need of the hour. It is better that you do it rather than someone else doing it and we wanted to take the first mover advantage. Yes, there is a danger of cannibalising our existing products, but we believe that we are fairly small. We need to attract the larger market. The number of people who we can get to switch to us is far more and that is why the name of the product is **'Edelweiss Switch'**.

Who is the core audience for this new product?
Anyone who thinks they will not be using their car everyday will be our target audience. People who have multiple vehicles are also our target audience. However, fundamentally, it is an app-based

product, therefore, our universe is all smartphone users, that is, 500 million Indians today who are closely engaged with their smartphones.

The automobile industry is going through a tough phase currently. Do you think is it the right time to launch this product?
The product is not linked to anyone who wants to buy a new vehicle. All of us need a new insurance policy for our vehicles when the policy becomes due. It is for everyone as we need to protect our vehicles, whether a new one or an old one. Adversity brings out more innovation than usual. In times of adversity, we find innovations. Hence, we think it is the best time. It is a beginning and it is the need of the hour. I hear everyone asking if I am not using my insurance, can I extend it? It is the right time. And people have become very conscious. It is also a matter of liquidity at every level, where it is a matter of concern for every possible cash that you can save. And things like insurance are necessary things that you need to keep in mind. And I think it is an absolutely relevant product at this point of time.

How are you planning to market this? How are you leveraging digital?
As of now, it is completely a digitally marketed product. It is available to all our distribution partners to market it. So, that could be anyone, an agent or point of sales person. We don't have a car OEM partner yet, but discussions are in the process. We are open to it and they can also use it once that is finalised. Corporates is another segment that can avail it since they often have multiple cars. In case of a corporate owned car which they don't use every day, they can use this product. Someone would have to control the application every day. The concept is universal.

Being a paperless product, we will highly focus on digital medium as our entire operations is digital. We have never sold our products on paper. Our agents or point of sales persons sell it on the portal. So, what is new is that this not a PDF that you have to send. It is all on the app. In terms of marketing, we are using the entire digital marketing mix. We are launching on Instagram with an auto enthusiast. We are using PR extensively, as it is important to make people aware of this concept and will also demonstrate and educate them through compelling stories both on online and on print.

What is the type of markets that you are looking at? Will it be more metro-focused or you will also look at the smaller towns?
Since we are using digital marketing, we are not prioritising basis metros or non-metros. Any of the 500 million smartphone users who own a vehicle can buy it. For our partners and offline sales, it will be mostly the metros. Our service network is present across the country. We are selling our policies online and while it will be urban centric, it will not be restricted to only metros. We will be targeting many Tier 1, 2 and 3 cities in the country.

How will you manage customer service? What will be your emphasis here?
Customer service will be completely online. We have kept the call option also since people feel comfortable calling as there is a human connect. In our call center, if you call, you will not be directed to an IVR. But if you don't want to call, we have kept everything on the app. As I said earlier, the policy itself is an app. An app should have relevance in day to day usage so that the customer is able to access information at ease and on the go.