

Listing helped the non-life insurance industry become more transparent

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The topic of the second panel discussion at Mint's insurance conclave was: Non-life insurance 20-20: Issues for the next 20 years. On the panel were Antony Jacob, managing director, Apollo Munich Health Insurance Co. Ltd; Bhargav Dasgupta, managing director and CEO, ICICI Lombard General Insurance Ltd; Rakesh Jain, executive director and CEO, Reliance General Insurance Co. Ltd; Warendra Sinha, MD and CEO, IFFCO Tokio General Insurance Co. Ltd; Alice G. Vaidyan, chairman and MD, General Insurance Corp. of India; and Deepti Bhaskaran, editor, personal finance, Mint. Here are the edited excerpts:

Bhaskaran: What is the key reform that has shaped the industry thus far.

Jacob: If I could just stick to one of them, which is health insurance, I think there have been some outstanding changes. Being in health insurance, I have had visitors from overseas to look at some of the features which our industry has built over the last 20 years and they have actually been replicated in other parts of the world. For example, the concept of floater policies was not heard of in other parts of the world. Even the

restore feature—restoring the sum insured if you busted it—multiplying it as a 100% bonus even if there was no claim. So there are several things which have changed the landscape of health insurance. But there is much more to do.

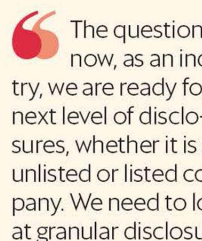
Sinha: I don't think when I joined the non-life industry in 1982, it was more than ₹500 crore. Today we are talking about ₹1,70,000 crore. There were four companies owned by the government and I belonged to one of them and honestly life was fairly laid back—nobody complained, customers were happy with whatever we did. But since the market opened up, a lot of things happened, private companies came in, the broking community came in and the style of working became a lot more competitive, and people started to look at technology.

Jain: The most important thing I think was de-tariffing in 2007. That set out the industry on its own. We made a lot of mistakes. We paid a lot for those mistakes as well but now it's coming of age. If we had not gone through some of these experiences, I doubt that we would reach this stage today to claim the next 20 years in the rightful manner. If you see the 17 years, growth rates have more or less been the same, 15-18%, and they haven't come down, which clearly reflects there is indeed



Alice G. Vaidyan
Chairman and MD, General Insurance Corp. of India

“About 50% of the population feels that insurance is not affordable. But if we have more data, that will help us bring down the pricing so that it becomes affordable



Bhargav Dasgupta
MD and CEO, ICICI Lombard General Insurance Ltd

“The question is if now, as an industry, we are ready for the next level of disclosures, whether it is an unlisted or listed company. We need to look at granular disclosures

a significant appetite for insurance. This will really push the next set of growth with new products and hopefully get more bottom line for us.

Bhaskaran: Listing was a milestone event as disclosures by which to evaluate the industry became popular. Has the industry institutionalised disclosures or is this just about companies that are listed?

Dasgupta: These metrics are not new. All of us anyway were being measured internally on combined ratios, underwriting practices, and on return on equity. It is just that now that some of us are listed, there is a lot of awareness as there is lot of interest of a different stakeholder, which is the retail investor or the other investor. Then, there is lot more scrutiny. But



From left: Alice G. Vaidyan, Rakesh Jain, Bhargav Dasgupta, Warendra Sinha and Antony Jacob.

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it's really a shareholder objective whether the shareholder of an unlisted company wants to focus on combined ratios and I am aware of quite a few companies who do that. So if shareholders focus on some of these underwriting numbers and combined ratios, the company will drive that agenda.

So it is not so much about listing, it is about what the

shareholders drive even for unlisted companies.

Bhaskaran: If you have been in the industry for some years, could you look at standardizing disclosures?

Vaidyan: I think listing in a way has changed the way we do business. Even before the listing happened, a lot of market corrections were happening, so it's basically the company's philosophy that drives.

So that culture had come in and market corrections are underway even now and listing has put some pressure.

I think this was the time we all were actually waiting for. The market needed to move to underwriting profits and I think that is happening.

Dasgupta: The question is if now as an industry are we ready for next level of disclosures, whether it is unlisted or

listed. We need to look at granular disclosures. For instance, one of the parameters that everyone looks at is how fast you settle claims. And if we look at it at the segment level for retail and corporate that's a good disclosure to have.

We need the next level of disclosures. One of the issues that we face and we see

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because every company looks at other company's disclosures is some amount of lack of consistency in definitions and how we interpret those definitions. And those things can be streamlined as we go along.

Bhaskaran: India has witnessed a lot of catastrophes, yet home insurance is not popular. Home insurance is a little complicated, but why are other kind of policies from the non-life segment not popular?

Sinha: In India, I have always maintained that insurance is not bought, it is sold. For instance, people buy motor insurance in the first year and, thereafter, forget to renew it. As far as health insurance is concerned, till Ayushman Bharat did not come into the picture, the portfolio was 30% in terms of the population which was insured. Even with Ayushman Bharat coming in now, just about 50% of the population is covered, which



Rakesh Jain

ED and CEO, Reliance General Insurance Co. Ltd

“With regulations, the challenge will always be that it should be contextual. Regulations which are not relevant need to be discarded so that the focus is only on the relevant

means there is still so much to do. So we need to advertise the way mutual fund companies have done.

Bhaskaran: Some companies are offering bite-size policies that cater to the millennial mindset. Do you think insurtech will be a game changer?

Jain: Yes, indeed. The inter-connected environment today does give you an opportunity to see even a ₹1 product. This is the time to identify a customer and his needs

because you are no longer restricting yourself to an HNI or a next door guy who has a big car. You are now visualising if you can partner with an Amazon, or anybody who can fetch a hundred thousand customers and at ₹5 a month. You know, in some sense the digital environment is the enabler for this. Bite-size products obviously reflect with the millennials but also importantly when you induct somebody into the world of



Warendra Sinha

MD and CEO, IFFCO Tokio General Insurance Co. Ltd

insurance, you don't really go with the big product. Perhaps because people don't perceive the risk. Insuretechs are to my mind going to bring a revolution.

Bhaskaran: Do you think the insurance industry is doing enough with data analytics?

Vaidyan: There is a general conception that data quality in the Indian market is not very high-quality but I think we have enough data to help us make whatever

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changes we want as far as technology is concerned. I think the most important reason why we ask for better data quality is that. Almost 50% of the population feels that insurance is not affordable and that is because companies tend to use the one-size-fits-all formula. But if we have more data regarding various products and across various lines of businesses, that will help us bring down the pricing to the extent that it



Antony Jacob

MD, Apollo Munich Health Insurance Co. Ltd

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becomes affordable and I think data quality from that angle needs work. Given that India is a tech-savvy country and has wide internet reach, the entire millennial population would like to have a device-agnostic online platform so that they can access whatever information they want. Companies are doing a lot but a lot more can be done.

Bhaskaran: Often when we talk to insurers, we hear that regulations are very pre-

scriptive. You have caps on management expenses but there are further sub-limits as commissions are capped. However, there are companies that pay more incentives. One thing that I constantly hear is that maybe the regulations need to become more macro.

Jain: With regulations, the challenge will always be that it should be contextual. You know what I would like is that the old regulations, the regula-

tions which were created in 2000s and are not relevant need to be discarded so that the focus is only on the ones that are relevant. Regulations have to be contextual.

Jacob: Given where we are in the insurance space and with so much more penetration required, I can't see a situation where there won't be regulations. But is there a need to continue to be micro? I don't think so. Plus, I don't think the regulator is too micro to be honest. There have been opportunities given to the industry to go and talk to the regulator for changes. The regulator has always been open to discussions. I would like to see a little more of the macro. I would like to see combined operating ratio being looked at more seriously, at least the components of that. I would like to see the new approach being used for risk capital.

To read the full panel discussion, go to livemint.com/money