

The new insurance model for India



Indian market size and growth continue to inspire and attract people from around the world and India Rendezvous 2020 in January continued this trend, as over 650 delegates attended the event from 40 countries.

By Jimmy John



With the theme of ‘a new insurance model for India,’ the event for the first time witnessed on stage together some of the top luminaries from the reinsurance world deliberating on the challenges and opportunities in the Indian market.

“We are the first generation to have felt the impact of climate change and we may be the last generation that is in a position to do something about it,” said GIC Re chairman-cum-managing director Devesh Srivastava in his welcome address.

Growth opportunities, he said, remain in areas like agriculture and health but the biggest opportunity lies in the application of technology. Indian insurance is at the point where it needs to spend more time understanding what customers want – and be ready and willing to pay claims. Regulation, said Mr Srivastava, is 100% focused on the policyholder while good corporate governance is more about aligning the interests of all stakeholders.



Companies must focus on sustainable profitability

In his keynote address, SCOR CEO of reinsurance Michel Blanc proceeded to outline the new insurance model for India and how it will drive P&C reinsurance offers over the next five years. The main drivers shaping India P&C reinsurance models, he said, are regulatory changes like risk-based capital and IFRS17, market changes, government schemes and big loss events such as the Chennai floods.

While the main lines of business are fire, agriculture, marine and engineering, he said, “We need sustainable profitability,” in the face of new emerging risks.

These new risks include cyber, the increase in Nat CAT and the high protection gap. But the industry also needs to look towards changing health needs, the growing dependence on technology, changes in policy and regulation. These four forces will shape the outlook of insurance for the next five to 10 years, Mr Blanc said.



Insurers need to create an innovative culture

Lloyd’s chairman Bruce Carnegie-Brown opened his international keynote address by acknowledging that, “The future of the sector in India is surely very promising,” before looking at some of the challenges facing the sector.



“Our customers are not buying enough of our products,” he said, pointing to the \$27bn insurance gap in India. “Why don’t they buy more?” Mr Carnegie-Brown said – and pointed the three main impediments to growth of confidence, relevance and cost.

In terms of addressing relevance, Mr Carnegie-Brown said that we should be using data and data analytics to make products that are more closely related to customers’ needs and more relevant for them.

Products are also too expensive and this is because acquisition costs and administration costs are too high – and the industry needs to modernise its systems and use technology like drones and blockchain to improve performance. “It is imperative to have an innovative culture within the organisation,” he said.

CEOs must lead change

Bajaj Allianz General Insurance MD and CEO Tapan Singhel in his address elaborated on the challenges of penetration, distribution, underinsurance, pricing, the growing threat of Nat CAT and climate change, talent grooming and technology adoption as the threats the industry faces today.

SureClaim India co-founder and CEO Anuj Jindal focused on the funding of medical treatment.

Collating the data of the National Sample Survey Organisation and the data from IRDAI, Mr Jindal said that medical insurance holders spend \$20bn on hospitalisation, whereas only \$5bn is paid back by the health insurers. Claims should be seen as a sales event while an approach to build customer centricity into the business will reshape the industry.



Mr Tapan Singhel



Mr Anuj Jindal

InsurTech has much to contribute to industry growth

A high-level panel chaired by SecureNow insurance brokers co-founder Kapil Mehta deliberated on the critical role of InsurTech in the Indian marketplace. The panellists included Moody’s Investor Services senior vice president insurance EMEA Benjamin Serra, PolicyBazaar co-founder and chief business officer Tarun Mathur, Acko General Insurance vice president Kulin Shah, InsureFirst managing partner Aparajit Bhattacharya, Wealthy Therapeutics co-founder and vice president Prayat Shah and Cropln Technology agriculture expert Amit Salunkhe.

The discussion revolved around the role of technology and how InsurTechs were changing the game with robust marketing strategies using digital platforms. Technology is enabling companies today to reach out to a larger section of the rural market and bridge the protection gap with relevant products.

GIFT city as a reinsurance hub

A panel discussion on the opportunities for insurance/reinsurance players in India’s first international financial services centre at Gandhinagar in Gujarat was chaired by Gujarat International Finance Tec-city (GIFT) head of IFSC department Dipesh Shah.

GIFT aims to create a centralised platform for exchange of financial services including insurance, tax, regulatory and infrastructural benefits for global insurers and reinsurers in GIFT City. The panellists included IRDAI executive director Suresh Mathur, Marsh India Insurance Brokers country head and CEO Sanjay Kedia, GIC Re general manager Madhulika Bhaskar and Khaitan Legal Associates partner Satyendra Shrivastava.

Anviti Insurance Brokers national head sales and services Sudhir Singh in his presentation focused on the

Indian insurance industry landscape, its growth drivers and the Indian broking community. He said the volume of broker-driven insurance distribution has grown substantially during the last decade.



Mr Sudhir Singh

Industry best days are ahead

In her address New India Assurance general manager and CFO S N Rajeswari said that the industry’s best days are ahead. “Even cyber, which is a threat, will be an opportunity for insurers,” she said as she looked at the vibrant non-life insurance scene in the nation and its incredible growth story of the last few years.

She went on to say, “We expect double digit growth in the next five years.” This growth will be enabled by new distribution methods and new companies, she said, while government schemes have been creating greater awareness of insurance. This has also led to an improved penetration rate, “Especially for those living below the poverty line,” Ms Rajeswari said.



Ms S N Rajeswari

Is cyber risk an abyss?

The panel discussion on the growing challenge from cyber risks was moderated by ACE Insurance Brokers director and co-founder Anil Arora and the panellists included Cyber Law Consulting president and founder Dr Prashant Mali, Aditya Birla Sun Life Insurance head legal and company secretary Amber Gupta and DXC Technology insurance industry SW and services offerings leader Asia Sashi Rajagopal.

The discussions revolved around the robustness of an organisation’s IT systems to withstand any cyber



Panel discussion: Opportunities for insurance/reinsurance players in IFSC in India
L-R: Messrs Dipesh Shah, Suresh Mathur, Ms Madhulika Bhaskar, Messrs Sanjay Kedia and Satyendra Shrivastava.

INSURANCE – GENERAL



Panel discussion: Is cyber risk an abyss?
L-R: Messrs Anil Arora, Dr Prashant Mali, Amber Gupta and Sashi Rajagopal.

aggression. The need for enhanced cyber risk awareness and cyber preparedness as a solution to the problem was also highlighted.

Reskill to stay relevant

In his presentation National Insurance Academy director G Srinivasan said that the Indian insurance market is growing phenomenally and there is an urgent need to nurture existing talent and also attract new entrants.



Mr G Srinivasan

“The industry needs to spend money to develop talent and to reskill them,” he said. He highlighted the need for the industry to make their staff current with insurance domain expertise. Calling for a strong industry-academia connect, Mr Srinivasan called for the development of a focused industry specific curriculum.

Climate change can make risks uninsurable

The panel on climate change, insurance and urban resilience was moderated by Insurance Institute of India secretary general Deepak Godbole. The panel also included Société Centrale de Reassurance CEO Youssef Fassi-Fihri, Skymet Weather



Mr Deepak Godbole

Services chief product planning and quality Dr Makarand Kulkarni, New India Assurance deputy general manager Kuhu Mohapatra and Swiss Re assistant vice president and specialist – flood Kishore Dhore.

The future of the industry in safe hands

Bajaz Allianz General Insurance deputy manager Aditya Ubgade, GIC Re deputy manager Rohit Babel, Tata AIG General Insurance manager (reinsurance) Hemlata Hajong and Digit Insurance management trainee Lakshya Gupta took part in a lively discussion that held many important insights for today’s insurance employers.

All of the panel agreed that the long-term solution to the perception problems that the industry has lies in ‘catching them young’. There is a burning need for broad financial education to begin in schools – while the importance of social media in educating tomorrow’s insurance industry intake is paramount.

In addition to lack of awareness, the other major impediment to growth lies in lack of trust, according to the panel, and the fact that many people think insurance doesn’t offer a ‘dream career’ in terms of financial remuneration. The reality is that today’s younger employees in the sector are the best advertisement for more new recruits – and savvy employers will recognise this and start working on new recruitment drives.

What you can measure, you can improve

Dacadoo president, CEO and chairman Peter Ohnemus in his pithy and insightful closing anchor address walked delegates through the innovative dacadoo offering – which combines health scoring with AI to deliver, “Great health and life to everyone.”



Mr Peter Ohnemus

Quoting Karl Pearson, Mr Ohnemus said, “What you can measure, you can improve.” And that is what dacadoo is in the process of doing. He made the point that health insurers need to “have a modern product and engage with your clients.”

And he cautioned, “The future of risk will be calculated in real time.” What health scoring has helped do is show – at a societal level – that many people just do not look after themselves enough. “America is running out of normal healthy people. The world is running out of normal healthy people,” he said.

India, said Mr Ohnemus, is the most exciting market in the world – and could be the ideal testing group for micro-services where insurance policies are offered to clients on the basis of captured data – such as being offered insurance for golf clubs when a GPS tracker indicates that the client is on the golf course, or travel insurance if the client is at the airport.

“Machine learning provides predictions and prescriptions,” Mr Ohnemus said – and we are rapidly entering a world of “pay as you live” – with on-demand life and health insurance in a “something for something economy.”

14th India Rendezvous dates announced

The India Rendezvous is organised annually by Asia Insurance Review in partnership with GIC Re and is now firmly entrenched in the insurance calendar and is a must attend event for insurance professionals from around the globe. The constant buzz around the venue and the bilateral meeting rooms revealed the huge importance the world gives to the burgeoning insurance market in India. The event in 2021 will be held from the 20-22 January in Mumbai. 🇮🇳



Panel discussion: Climate change, insurance and urban resilience
L-R: Mr Youssef Fassi-Fihri, Dr Makarand Kulkarni, Dr Kishore Dhore and Ms Kuhu Mohapatra.



Panel discussion: Tomorrow's Indian insurance leaders: Expectations and hopes
L-R: Mr Aditya Ubgade, Mr Rohit Babel, Ms Hemlata Hajong and Mr Lakshya Gupta.