

# Setting the gold standard in insurance

Speakers at the 14th India Virtual Rendezvous held in January were unanimous in their views that the COVID-19 pandemic has not only increased awareness of protection covers but will also help the industry tackle catastrophic events and future pandemics.

By The Asia Insurance Review team



With the theme of ‘Going for gold’ the 14th India Virtual Rendezvous witnessed industry experts deliberating on the opportunities and challenges before the Indian insurance and reinsurance industry in the wake of the COVID-19 pandemic.

In his welcome address, GIC Re chairman-cum-managing director Devesh Srivastava said that the



COVID-19 pandemic was a huge challenge to the insurance sector in India and the basic definition of the protection gap was questioned.

“The gap which is the difference between economic and insured losses failed to meet muster,” he said. Speaking in favour of pushing business interruption (BI) cover in the market, he said that the pandemic was a clear BI event though it did not follow property damage. India stands on the

threshold of a bright future and with renewed emphasis on self-reliance and financial inclusion through digitisation, the insurance sector is set to act both as a catalyst and a beneficiary, he said.

## Pandemic may lead to greater risk aversion

In his industry keynote address, SCOR Global P&C deputy CEO Laurent Rousseau predicted that the



pandemic and the way it is managed would lead to higher risk-aversion in society. “I think the question of risk management from the public authorities and how they provide protection to the people would be a defining moment in future policy discussion,” he said. He added although the pandemic is still with us, the insurance sector should take this opportunity to assess where the future changes might take us.

## Understanding the US programme market

AM RE Syndicate CEO Shevawn Barden provided an overview of



the US market, particularly the programme market. Within the industry, the programme market comprises managing general agents (MGAs), fronting carriers and the supporting capacity that absorbs the risk.

“It’s a highly efficient way to access distribution of specialty primary business in the US market. MGAs and the excess and surplus (E&S) market represent approximately \$125bn in premium income in the US primary market,” she said. All programme business is also written on a quota share model.

## Asian insurers are prepared for the challenges ahead

A panel discussion deliberated on



the fitness level of the insurance industry in Asia, specifically in the South Asian region. The panel was chaired by Insurance Institute of India secretary general Deepak Godbole and panellists included Green Delta Bangladesh managing director and CEO Farzanah Chowdhury, Go Digit India principal officer and CEO Vijay Kumar and Fairfirst Sri Lanka managing director and CEO Dr Sanjeev Jha. Highlighting the important role of technology in the pandemic, Ms Chowdhury said that they were able to stay the course through their innovative approach to customers and staff.

“Accelerating digitalisation would be our priority,” she said. Being an InsurTech, Go Digit had a huge advantage during the pandemic, as the company provided contactless support to its clients. Mr Kumar rates ERM as a priority for his company.

Speaking on the Sri Lankan market, Dr Jha said that with the current challenges there is uncertainty on how consumers are going to behave in the future. “As managers we will have to see how the enterprise is going to move ahead and for this behavioural change is needed in the individual and organisational level,” he said.

Rounding up the discussion Mr Godbole said that Asian economies with high population density can manage the challenges thrown at them. “There is leadership in the region that will take the industry to greater heights,” he said.

### Global reinsurance outlook to remain negative

A panel discussion chaired by Moody’s Investors Service (MIS) senior vice president, financial institutions group Benjamin Serra looked at the operating challenges faced by the

industry as a result of the COVID-19 pandemic and its adverse impact on profitability and rating.

ICRA senior vice president and group head – financial sector ratings Karthik Srinivasan said that the pandemic had brought to the fore the importance of health and protection in the Indian market. MIS vice president – senior analyst, financial institutions group Mohammed Ali Londe said that the Indian insurance regulator has been very active in the pandemic and took a number of steps for the development of the industry and also for the benefit of consumers.

MIS vice president – senior credit officer, financial institutions group Brandan Holmes said that that there has been an accelerated shift to digital distribution during the pandemic and said that insurers with these capabilities were able to soften the impact of lower sales.

### From health insurance to wellness programmes

The panel on ‘Whither health insurance in post pandemic Asia’ looked at the future of health insurance in a post COVID situation. Eigengrey Consulting lead consultant Greg Solomon said that in future



people are going to look at wellness in a whole new manner.

“COVID-19 has been a magnifying glass as people with co-morbidities were affected more and so insurers will have to look at wellness in all its detail,” he said. He predicted that remote care will be the gateway for the insurance industry and that regulations will drive the changes in the health insurance segment.

Ceylinco insurance director technical Jagath Alwis said that



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COVID-19 has created huge awareness of health insurance in the Sri Lankan market and resulted in insurers promoting wellness programmes in a big way. “People are going to look at health insurance to support their wellness programmes,” he predicted.

### Diversity and inclusivity to get a boost

In a fireside chat Sampo International reinsurance treaty (UK casualty) UWS manager Nighat Khan and digitisation expert and customer experience futurist Shefali Sonpar discussed the road ahead for diversity and inclusivity in the Indian insurance industry post COVID-19.

Highlighting that most organisations in India currently do not give an equitable role for women in senior positions, Ms Sonpar said that this is likely to change after the pandemic as companies embrace technology and bring changes to their working environment.

“Companies should come out with small nodal offices with hybrid models that are inclusive and diverse, which will make staff more efficient,” she said. Ms Khan said that companies should ensure that they hire the best person to do the best job in the best way without any gender bias.

### Digitalisation is critical for life and health insurers

dacadoo president and CEO Peter Ohnemus said that COVID-19 has



acted as an accelerator for the insurance industry and growth will be great in 2021 and 2022 but

it was important that the industry gets online and gets closer to the consumer.

“Millennials looking for online insurance is up by 46% and they will become even more important, hence digitalisation is the way forward for the industry and if one is not on this bandwagon, one could end up being a loser,” he said.

Wellness, according to him, has now become a vital health topic, even more so with COVID-19 and insurers will have to have a unique understanding of a consumer’s life.

### Emergence of the MGA/MGU model for the Indian market

Roland Berger insurance practice Asia head Laurent Doucet speaking



on the emergence of MGAs, said that the insurance landscape is evolving as stakeholders are expanding to transform their value proposition.

“Insurers not only value efficiency

and customer service, but also rely on MGAs to access markets that they find hard to access,” he said.

“While not yet developed in the Indian market, it represents an opportunity for all stakeholders,” he said.

### COVID-19 also a call to action on climate change

RMS director of market and product specialist Hemant Nagpal said



that both climate change and the pandemic were systemic risks, which have the potential to destabilise capital markets and lead to serious negative consequences for financial institutions and the broader economy.

“COVID-19 is an acute event while climate change is a chronic event,” he said. He said that in the current pandemic, recovery will be slow for businesses. “COVID-19 will be with us for a while and modelling is going to become a critical part of how we manage the risk, whether in terms of restarting the economy or in providing practical insurance solutions,” he said.

He also advised stakeholders to work together to counter the wide-ranging physical impacts of climate change.

### With InsurTech, traditional distribution models are changing

In the panel discussion on Insurers and InsurTechs, Boston Consulting



Group managing director and senior partner Anupam Sahay said that the traditional distribution models within general insurance are changing quickly and moving to insurance becoming much more of a part of ecosystems with third party distributors.

“These may be e-commerce, or travel, or mobility, or all sorts of insurance purchased in the context of everyday life,” he said.

TransUnion CIBIL head of insurance products and analytics Kartik Patel said that for life insurance in India, there are constraints to how much information can be brought into the product, or the pricing of the product.

InsurTech Asia Association president George Kesselman said that looking from a macro view of where India is right now, it is roughly at about year five of InsurTech.

“We have seen, due to the massive changes required, it takes about 20 years really to play out and so, the next 10 years is the middle path of real change starting to happen, but it will not be the end,” he said.

Vitraya Technologies CEO and

co-founder Mrinal Sinha said that insurance was different from e-commerce and the future will see a lot of changes happening in the health insurance segment which will be significant. The session was chaired by InsurTech Association of India co-founder Prerak Sethi.

### COVID and cyber risks are here to stay

In a fireside chat on the impact of COVID-19 and cyber risks on the market, Marsh India Insurance Brokers country head and CEO Sanjay Kedia said that COVID and



cyber risks are the two greatest risks the world is facing today. “COVID is an accelerator for the purchase of cyber insurance,” he said.

Highlighting the reality of cyber risks, Cyber Law Consulting president and founder Dr Prashant

Mali said, that Indian companies



need to build a cyber security culture within their organisations.

“The cyber risk landscape is going to be a very complicated with the new technologies coming in with newer algorithms that are getting amalgamated and bringing in newer risks,” he said.

The session was moderated by SecureNow insurance brokers co-founder Kapil Mehta.



The event was sponsored by AM RE, SCOR, Moody’s Investors Service, decadoo and ACE Insurance Brokers.

