

# The Indian market continues to stay resilient



Speakers at the 15th India Virtual Rendezvous held in January were unanimous in their views that the Indian insurance market will continue to remain resilient and sustainable in spite of the challenges posed by the pandemic.

**By Anoop Khanna, Jimmy John, Nadhir Mokhtar**

**W**ith the theme of ‘Towards a sustainable and resilient India insurance market – the way ahead the 15th India Virtual Rendezvous was held on a specially-created virtual platform that saw industry experts deliberating on the opportunities and challenges before the Indian insurance/reinsurance industry.

In his special welcome address, GIC Re chairman and managing director Devesh Srivastava said that the Indian insurance market has always been resilient and has met its obligations even after the worst of catastrophic events. The future, he said, presents a much more challenging landscape as the nation moves towards greater self-reliance

and an unprecedented developmental agenda.

“The model by which society currently manages catastrophic perils, with governments implicitly bearing the brunt of growing protection gaps seem to be unsustainable,” he said. He spoke of the need for a new ‘societal risk compact’ wherein companies, regulators, policymakers, insurers, risk advisers and investors all play a part in more proactively managing catastrophic risk.

### COVID-19 the costliest reinsurance event

In his international keynote address, SCOR P&C Partners deputy CEO Vincent Foucart said that the



reinsurance industry has one specific feature that it shares with no other sector, that of being structurally exposed to extreme events and shocks.

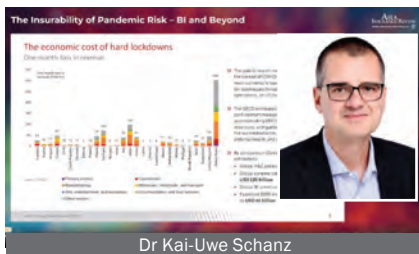
“Reinsurance is a risk processing plant covering economic agents against shocks which enable investments and prosperity development,” he said.

Highlighting the challenges faced by the industry from the COVID-19 pandemic, he said that this could be the costliest reinsurance event ever, but the industry’s financial strength is rather unchanged. The reinsurance industry, he said, is playing its resilient shock-absorbing role.

“Protecting the welfare of citizens and communities is an integral part of the reinsurance industry’s corporate mission,” he said.

### Urgent need to bridge the BI protection gap

The Geneva Association deputy managing director, head of research and foresight Kai-Uwe Schanz spoke about how COVID-19 has exposed massive business interruption (BI) protection gaps and that there was a fundamental mismatch between economic losses and insurers’ risk-taking capacity.



“We were close to a meltdown – which was averted by unprecedented measures taken by central banks and by governments in terms of fiscal support to events where we have the correlation between the liability side and the asset side from an insurance point of view. Those risks defy insurability, they defy diversifying ability and present the biggest conceivable challenges to our industry.”

Despite that, Dr Schanz stressed that the insurance industry still has a part to play in cushioning the damage of business interruptions.

### The hybrid work model is here to stay

A fireside chat between, Insurance Institute of India secretary general Deepak Godbole and GIC Re

chairman and managing director Devesh Srivastava saw some interesting conversation between the two industry stalwarts.



On being asked about the fallout from the pandemic, Mr Srivastava said that it was a setback for those in the insurance industry where a human touch is the basic need. “The WFH and hybrid working culture was entirely a new experience for us. However, we adapted very well and we should consider adopting it once we get out of the pandemic phase,” he said.

The Indian insurance industry, he said, has never failed to meet its responsibility towards its customers and the regulator has also been very supportive and has gone beyond limits to promote or support the industry. When asked if India can be a reinsurance hub, Mr Srivastava said there was sufficient talent in the country to match the level of growth the country was looking at. “India has been the talent supplier for the world,” he said.

### Building a culture of resilience

The CEO panel discussion on building a culture of resilience in their organisations had some interesting deliberations. On being asked on how they recruit the right talent to make the organisation resilient, industry veteran and Himalayan Reinsurance CEO Chandrasekaran Ramamurthy said that what is needed today are people with the right attitude and who are willing to make a career in the organisation.

Edelweiss General Insurance CEO and executive director Shanai Ghosh said that it codifies and institutionalises the company’s values in order to get the right people on board.

SCOR SE India branch and reinsurance CUO, Asia emerging market CEO Mukul Kishore said that integrating people into the organisation’s culture was a critical component.

Go Digit General Insurance CEO and principal officer Vijay Kumar said that providing people with an environment to grow and innovate was critical.

Fairfax Asia consultant Sanjeev Jha said that it was the role of the leadership to build trust among the employees.

On capital deployment decisions, Mr Kumar said that smart management of capital can help the organisation grow. “Our focus must be both on the top line and bottom-line growth.”

Ms Ghosh said that managing capital and allocating resources was a balancing act which needs constant prioritising. “Capital is always a scarce commodity and so we practice frugality within our organisation.”

### Economic recovery to fuel growth

A panel discussion chaired by Moody’s investors service senior vice president, financial institutions group Benjamin Serra looked at issues pertaining to shifting capital dynamic and premium growth to abate profitability pressures in the Indian insurance market.

Moody’s Investors Service financial institutions group vice president – senior analyst Mohammed Ali Londe said that the economic recovery post pandemic will fuel growth.

“Health and protection will be the drivers of growth in the future and the growth of digital platforms has

“We were close to a meltdown – which was averted by unprecedented measures taken by central banks and by governments in terms of fiscal support.”

– Dr Kai-Uwe Schanz



# INSURANCE – GENERAL



(L to R clockwise): Messrs Karthik Srinivasan, Sushant Sarin, Benjamin Serra and Mohammed Ali Londe

also seen consumers increasingly engage with insurers,” he said.

Tata AIG General Insurance president – commercial insurance and reinsurance Sushant Sarin said that the COVID-19 pandemic has helped insurance awareness and consumption and sees growth potential in the retail and commercial lines of business.

On the issue of pricing, Mr Londe believes that the reforms in the insurance sector will bring in underwriting discipline in the market. This, he said, will relieve the competitive pressure in the market and improve profitability and efficiency of insurers.

ICRA senior vice president and group head – financial sector ratings, Karthik Srinivasan said that currently profitability for insurers comes from treasury operations and this needs to change.

## Climate change and impact on agriculture

AXA climate India head Pankaj Tomar said that as the planet gets warmer it impacts the climate with extreme weather events becoming more frequent, which is a large problem for reinsurers.

He highlighted the five trends of climate change that are visible very conspicuously, especially, in Southeast Asia which are: Increasing global mean surface temperature, extreme rainfall that eventually leads to flooding, the erratic weather and heat and cold waves, the explosive and rapid intensification of cyclones and the melting of Himalayan glaciers.

“Insurers should collaborate with governments, regulators and other stakeholders to promote ESG principles,” he said.

AIR Worldwide vice president and director of climate change research Peter Sousounis said that the monsoon is a climatological feature that is paramount in India for water resources, including agricultural needs.

“The changes in temperature and precipitation will have impacts on agricultural yields – for the most part studies are showing negative impacts that will be expected in the future,” he said.

## India flood risk is complex

RMS EMEA and Asia Pacific Japan regions managing director Vivek Bajaj highlighted the increasing role of risk modelling in a world that is being constantly impacted by Nat CAT events, pandemics and the growing threat of cyber risks.

RMS director – product management for climate and flood models Firas Saleh said that almost two thirds of India is exposed to floods, and it is way underinsured and presents a huge opportunity for insurers.

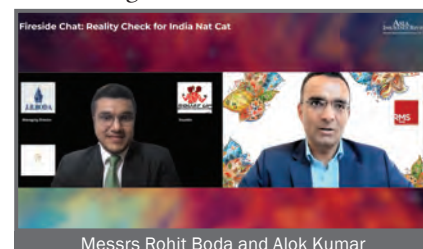
## Climate change makes Indian risk landscape complex

The fireside chat between RMS India managing director Alok Kumar and JB Boda Brokers managing director Rohit Boda focused on the impact of Nat CAT events on the Indian market. Mr Boda said that the insurance industry has much work ahead of it on creating greater awareness about insurance, climate change and its impact. The way forward, he said is only through involvement of government and continuous investment in consumer education.

Mr Kumar said climate change has made the Indian risk landscape very complex. India was already

a vulnerable country. He said that floods, glacial melting and more can be tackled by having a better understanding of the clients’ business.

“We need to emphasise that the loss ratios of businesses that invest in risk management are much lower than those of which do not invest in risk management,” he said.



Messrs Rohit Boda and Alok Kumar

## Brokers must pursue innovation

A brokers panel on the way forward for the community was moderated by Birla Institute of Management professor and chairperson – insurance business management program Abhijit Chatteraj who said that the broking community was still evolving, and the time had come to redefine the role of brokers in India.

On the use of technology, Insurance Brokers Association of India secretary general R Balasundaram said that technology is a must have for insurance brokers today. “Technology is important and is here to stay but it can never replace the personal touch.”

Mr Balasundaram also said that brokers today deliver superior risk solutions and risk management programmes which will help to bridge the trust deficit.

First Policy Insurance Brokers regional director Hari Radhakrishnan said that technology can be a great enabler to expand the organisation’s footprint.

Willis Towers Watson India insurance broker head – sales and client management (corporate risk and broking) Sumit Dutt said that technology can help identify and quantify risks.

## Hard market conditions here to stay

Speakers at the reinsurers panel discussion moderated by Lloyd’s India Reinsurance Branch country manager and CEO Shankar Garigiparthi were unanimous that conditions had been tough for reinsurers in recent years with



(L to R clockwise): Messrs Joseph Augustine, Shankar Garigiparthi and Hadi Riachi

the surging number of natural disasters. XL Insurance Company, India reinsurance branch CEO Joseph Augustine said that cyclones, wildfires, storms, bushfires and more added to the burden of reinsurers.

Swiss Re India Branch CEO Hadi Riachi said that the industry needs to be prepared for increased severity and frequency of Nat CAT. The pandemic, he said, has led to a disturbing scenario with 2021 the fourth costliest year for the industry. “The impact of climate change and concentration of assets have made the whole ecosystem more vulnerable and with the hardening of the market, maybe it is a reflection of the ability of reinsurers to price it right,” he said.

### Collaboration should be the way ahead for InsurTechs

A panel discussion on the future of InsurTechs was moderated by DP88 Insurtech Consultancy CEO David Piesse, who said that the Indian market offers tremendous opportunities for InsurTechs.

dacadoo ag president and CEO Peter Ohnemus said that with InsurTechs around, the old conservative players are forced to

think on their strategies.

He said that digital living is the future and it’s about mobile first and cloud native, which means that the insurance operator needs to provide real-time assisted living to the individual, wherever they are and ensure their good health.

Equisoft insurance and wealth solutions APAC vice president Rana Biswas said that the mindset to invest in a nimble set up eludes most CEOs, but things are slowly changing.

“Carriers are realising that they need to do digital transformation across the entire value chain and one also needs to have a robust backend process,” he said.

He said there was a need for InsurTechs and insurers to leverage each other’s strength before approaching the customer.

Plum director, head of business development Akshay Golechha said that the internet, smart phones and digital payments have changed the game in India. “There are so many opportunities in the market today and InsurTechs are making a huge contribution,” he said.

Dr Jha said that although legacy players have customers, products

and data, they lack the smartness and agility that InsurTechs bring to the table. “We need to see increased collaborative efforts between the InsurTechs and the old legacy players,” he said.

### Strengthening India-UK insurance ties

British deputy high commission in Mumbai’s first secretary of trade Philip Sydenham said, “One of the ingredients to reducing this protection gap is undoubtedly collaboration and I hope also international collaboration. Working with the UK and different parties in India, we can really achieve the aim of reducing that protection gap.”



Mr Philip Sydenham

Mr Sydenham also noted India’s potential in nurturing technological innovation in the industry.

### Insurance education must go mainstream

A panel discussion on the future of insurance education was unanimous that the hybrid model is the way forward. Moreover, with major changes expected in the educational sector in India in 2023, it is the right time for insurance courses to get a push across universities and colleges in India.

University of Mumbai academic council member Madhu Nair said that there is huge potential in India for insurance courses and this can be brought in as a new programme under the curriculum of various universities across India.

“There is ample scope to develop insurance education in India and also to train faculty members from colleges on the nuances of insurance,” he said.

National Insurance Academy director G Srinivasan said that the insurance industry in India has tremendous growth potential over the next decade and will need quality trained talent.

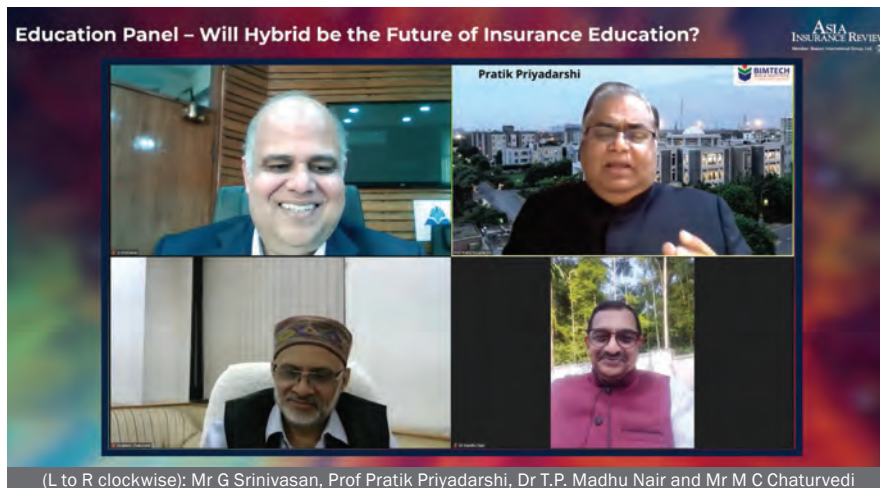
The pandemic, he said, has opened the door for online education and a



(L to R clockwise): Prof Abhijit K Chatterraj, Messrs Sumit Dutt, Hari Radhakrishnan and R Balasundaram



# INSURANCE – GENERAL



(L to R clockwise): Mr G Srinivasan, Prof Pratik Priyadarshi, Dr T.P. Madhu Nair and Mr M C Chaturvedi



(L to R clockwise): Dr Sanjeev Jha, Messrs Peter Ohnemus, Rana Biswas, Akshay Golechha and David Piesse

hybrid system will be the future of insurance education.

“One of the advantages of the online model is that we are able to conduct programmes for students across the world and also get highly qualified experts to take classes from different parts of the world,” he said.

College of Insurance, Insurance Institute of India, director M C Chaturvedi said that the hybrid model of education has been accepted worldwide and was here to stay.

## Building agricultural resilience

Earth Analytics India co-founder Michael Anthony shared how gathering data is crucial to attract investments to support India’s agricultural sector.

“Soil degradation is a relevant problem in South Asia. It’s a global problem but it’s also very pertinent in India. India has a total land area of 330m hectares, and about half of it is being degraded and the government has committed to restore a lot of land in the current decade. But of course, all that needs to be financed. And there needs to

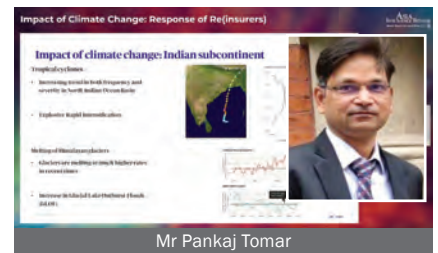
be a tool to monitor those efforts, particularly when it’s limited financing because those that are financing want to see evidence that this land is being restored,” he said.

Mr Anthony said that this presents opportunities for the insurance industry to connect India’s farmers to the global carbon market.

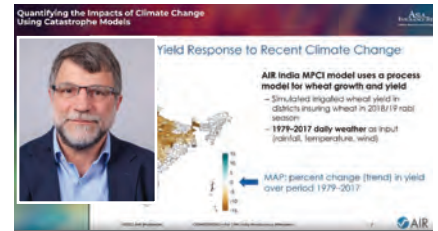
## Indian insurance industry growth story to continue

Bajaj Allianz General Insurance managing director and CEO Tapan Singhel highlighted the critical role played by the insurance industry in supporting the economy throughout the pandemic and the many Nat CAT events. He spoke about the role of various stakeholders in the insurance industry’s growth story, and these include the government, insurance companies, global reinsurers and brokers.

Highlighting the technological base and tools at its disposal, he said that the industry can put together an ecosystem that will ensure that the insurance industry will flourish and create a benchmark for all others.



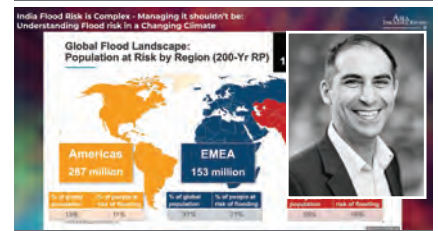
Mr Pankaj Tomar



Mr Peter Sousounis



Mr Vivek Bajaj



Mr Firas Saleh



Mr Michael Anthony



Mr Tapan Singhel

“Presently we have very limited number of insurance players in the market, and I see hundreds of players coming into the market and contribute to its growth,” he said.

The three-day event with over 700 registered delegates was jointly organised by *Asia Insurance Review* and GIC Re and was sponsored by SCOR, Moody’s Investors Service, dacadoo, RMS and ACE Insurance Brokers.▲