

## INSIGHTS – INDIA RENDEZVOUS UPDATE

# New reinsurers are the flavour of the season!



The Indian reinsurance industry witnessed unparalleled progress in the recent past. Market participants in India have now transcended from finding the ideal reinsurance partner globally to having them in India itself! It is indeed “The New World of Reinsurance in India”.

By Anoop Khanna



Since 2008, the various India Rendezvous events have always provided a meaningful platform for all stakeholders to come together and take stock of the state of the Indian (re)insurance market. The 11th India Rendezvous with the theme “The New World of Reinsurance in India” held in Mumbai from 17-19 January 2018 had a special significance, as it was the first after the overseas reinsurers set up their branches in India in 2017.

The tone of the 3-day event was set by Ms Inga Beale, CEO of Lloyd’s of London when in her global key note address, she said: “Lloyd’s will help create a thriving hub for reinsurance in India, accelerate the international growth of domestic insurers, and safeguard economic growth in the face of disasters.”

In her address, Ms Beale highlighted India’s rapid urbanisation, concentration of assets in these new urban locations and the consequential enhanced risks. Ms Beale said: “The Indian economy can be adversely affected if these critical aspects are not well taken care of.”

She said: “Lloyd’s is here to enhance the expertise of the local insurance market so that the emerging risks can be adequately covered and protected.”

### Second phase of liberalisation

India today has nine branches of foreign reinsurers, including Lloyd’s of London along with two home-grown reinsurers. New reinsurers entering India provide

additional capacity in the Indian market and bring with them international expertise. Cedants also get access to new and innovative products. The Indian reinsurance market is currently worth around INR300,000 million (US\$4.7 billion) annually and is estimated to grow to INR700,000 million by 2022.

Mrs Alice G Vaidyan, CMD GIC Re, in her welcome address, termed the opening of the overseas reinsurers’ branches in India as the second phase of liberalisation of Indian insurance industry and said: “This has served as a shot-in-the-arm for the reinsurance and insurance market participants in the country.”

Ms Vaidyan said: “The year 2017 proved that the insurance and reinsurance companies in India were prepared to create a brave, new world for themselves.”

### India showing signs of reacceleration

Mr Christian Delannes, Chief Financial Officer, SCOR, Global P & C, in his industry key note address, said “India is now showing signs of reacceleration. The growth rate of Indian private and public insurers’ P&C premium since 2011 has been close to 20%.”

He said, however, the underwriting performance of the market has remained challenging, but the market looks very



Ms Inga Beale



Mrs Alice G Vaidyan



Mr Christian Delannes

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L-R: Mr K Sanath Kumar, Ms R M Vishakha, Mr Joseph Augustine and Mr Ajay Pandey.

attractive in terms of growth. Thus moving ahead, the market will need reinsurance support to grow as it will take on new and emerging risks.

Mr G Srinivasan, Chairman-cum-Managing Director, New India Assurance Company Limited, in his special address, said that the new world of reinsurance in India would need a very active insurance market to grow and to this effect, the government of India has already laid down a solid foundation by its several social insurance schemes. “Government sponsored impetus for financial inclusion has brought in 618 million persons in 2016-17,” he said.



Mr G Srinivasan

## Technology and new products key

The panel discussion on the second day, “Strategic Priorities for CEOs”, witnessed a lively discussion among the CEO panellists on the importance of technology and new products in the strategy of a company.

Adapting to technology to advance is the key to the functioning of every company, said the panellists. “Technology plays an important role in understanding customer needs and, as an industry, we need to give them what they want,” said Ms R M Vishakha, MD & CEO, India First Life Insurance Company.

Mr K Sanath Kumar, CMD, National Insurance Company, said the customer should be central to every strategy while Mr Joseph Augustine, CEO, XL Catlin, said technology will be the key enabler for the growth and development of the insurance market in India.

Mr Ajay Pandey, MD & Group CEO, GIFT City, highlighted the key advantages of IFSCs, including tax exemptions and invited insurers and reinsurers to set up offices in GIFT City, which was India’s only IFSC.

Summing up the discussions, Mr Kent Chaplin, CEO, Lloyd’s, Asia Pacific, and Chairman of the panel, said the future was bright for the Indian market and companies needed to keep their eyes open to tap into the opportunities.



Mr Kent Chaplin

## Need to create awareness of cyber risk

The second panel discussion of the day focussed on “Cyber security and cyber resilience” and brought to fore the danger that the world faces today from cyber risks. Dr George Thomas, Professor, Insurance Institute of India chaired the panel discussion.



Dr George Thomas

Cyber risks are among the top-five challenges faced by most organisations worldwide, said Mr Anil Arora, Director, ACE Insurance Brokers. “None of us can escape the threats that comes in with all the technology we use,” he said.



Mr Anil Arora

Mr N Ramaswamy, DGM, GIC Re, called for active monitoring to prevent cyberattacks. “When an event happens, the breach results in huge data loss and intellectual property rights violations,” he said.

Mr Srikanth Gurunathan, Co-Founder & CTO, Infintus Innovations,

said that the insurance industry needs to design products according to customer needs. “With 130 billion connected devices, cyber has become huge business as people are looking for ways to make money,” he said.

The growth in e-commerce will only aggravate the situation and so insurers will need to act fast and come out with solutions. “Data is more valuable than money in today’s world,” said Mr Ashutosh Bhosle, AVP, Tata AIG.

Speaking from an international reinsurers’ perspective, Ms Nighat Khan, Country Head, P&C – India, Gen Re, called for the creation of an ecosystem and environment against cyber risks. “We have to be cognizant of the fact that there are cyber-risks and this is an evolving technology,” she said.

## Regulatory reforms and weather technology

The third and final day began with a presentation by Mr Mohammed Londe, AVP – Analyst, Financial Institutions Group, Moody’s Investor Service, on developing the insurance regulatory landscape in India. He said: “Regulatory reforms have improved access to capital and changes since 2015 have improved access to the capital markets in the country.”

Mr Jatin Singh, Founder and CEO, Skymet Weather Services Pvt Limited, discussed the use of weather tech-



L-R: Mr Mohammed Londe and Mr Jatin Singh



L-R: Ms Nighat Khan, Mr N Ramaswamy, Mr Srikanth Gurunathan and Mr Ashutosh Bhosle.

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nology in agriculture insurance in India. He said: “By generating detailed insights, all stakeholders can make data-based operational decisions that will optimise yield and boost revenue while minimising expenses and the chances of crop failure.”

Government introduced crop insurance scheme has contributed majorly to the growth of reinsurance in the country. In 2016-17 the crop insurance premiums touched IR 22,000 crore and this has emerged as a major attraction for global reinsurers.

### Nat CAT exposures getting increasingly complex

In the panel discussion on “Managing Nat CAT Disasters”, Mr Vikas Wadhwa, Director, Catastrophe Modeling & Analytics, RMS, said: “Flooding has increased over the last five years and is causing more economic and insured losses now and has a surprise element too.”



L-R: Mr Vikas Wadhwa and Mr G Satish Raju

Ms Girija Subramaniam, DGM, GIC Re, said: “Climate change and increased urbanisation has increased exposures to Nat CATs.” Speaking on the Indian market, she said that the country with its diverse geographical spread was exposed to multiple types of Nat CAT perils.



Ms Girija Subramaniam

Mr G Satish Raju, Head of South Asia, Global Partnerships, Swiss Re, felt that there was an urgent need for the Indian industry to step up its engagement with the general population and the government to reduce the protection gap arising from a Nat CAT event.

Speaking on the issue of how Nat CATs significantly affect the insurers’ bottom line, Ms Rekha Gopalakrishnan, Deputy GM, New India Assurance Company, said that the biggest challenge faced by insurers was the lack of appropriate data from the ground for adequately pricing the risk.

Speaking on claims arising from a Nat CAT event, Mr Amitava Gupta,

### Special meeting for NIA students

A special interactive session was organised for the post graduate programme students from National Insurance Academy.

85 students and faculty members from the National Insurance Academy, have over the years, been attending the Rendezvous to experience first-hand how the reinsurance business is conducted around the world.



Lead-Commercial Lines Claims, SBI General, said that dealing with such claims is hugely challenging.



L-R: Mr Amitava Gupta and Rekha Gopalakrishnan

### Companies need to absorb technology to stay relevant

In the panel on “InsurTech, FinTech, & Disruptive Innovations”, Mr Anirban Roy, CEO, Pentation Analytics, said: “InsurTech has been slower to take off in India primarily because of the Indian mindset where companies have not been ready to absorb outside intelligence into its own systems and bettering it.”



Mr Anirban Roy

Mr Kapil Mehta, CEO, Securenow, said that there is a huge amount of technology being used in health insurance in India though it is still at its basic level. “Interestingly from this base technology, there are a few ideas of



Mr Kapil Mehta



Mr Premanshu Singh

more evolved and sophisticated technology that are cropping up including AI chat tools which are becoming almost standard across platforms,” he said.

Mr Premanshu Singh, CEO, Coverfox, highlighted that tech-

nology was evolving at a very fast pace and there was disruption in technology influences happening across the value chain. “These new age insurers are offering cheaper and innovative products and are going to sweep the market as they have tools that can and also predict customer preferences,” he said.

“Technology is the only way forward to bridge the protection gap,” said Ms Kalpana Sampat, CEO, Swiss Re, India Branch. She said that online will be the future of the industry for which the key was in simplification of products and benefits.



Ms Kalpana Sampat

Today in emerging markets like India the number of people who search for insurance products online is huge, however, the numbers that actually translate into actual online buying of insurance products is relatively less. This is simply because somewhere the trust factor in the online platforms is still missing. This, however, should change soon.

The InsurTech panel was chaired by Mr David Piesse, Advisory Board Member, Guardtime and Global Chairman of IIS Ambassadors.



Mr David Piesse

The large number of participants and the vibrant atmosphere at the venue was a clear indication of the fact that the Indian market is indeed important for the global reinsurance fraternity and it enthusiastically supports the India growth story. 11th India Rendezvous saw a record participation of over 700 delegates from 35 countries. 