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'Insurance sector set to move from a push industry to pull-based one'

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The general insurance industry in India, which witnessed an overall deterioration in financial health this year on account of several natural calamities leading to higher claims, will work to strengthen the balance sheet to deliver better customer service.

There is also likely to be a massive transformation in the insurance sector, which is set to move from a push-based industry to a pull-based one in the next two to three years.

In an exclusive interaction with *BusinessLine*, Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance Company, spoke about the impact of the various changes in the general insurance industry and the way forward. Excerpts:

What were some of the key challenges faced by the general insurance industry in 2019? How do you see the next year panning out for the industry?

One of the biggest challenges faced was the five floods during the course of the year. As a general insurance industry, this directly impacts us and affects almost all portfolios, including health, auto, and crop, among others.

Since the pricing of the industry is based on past experiences, prediction of such massive events in one year

would not have been taken into consideration by insurance companies, thereby impacting the balance sheet.

However, global weather change is something we cannot brush under the carpet as something small and insignificant.

This is one of the biggest learnings (for the industry) and it is here to stay. Weather change will play a big role in businesses and they will have to align themselves thinking about it, and the government should also think about cities and town planning.

How do you see the overall health of the general insurance industry?

The overall results of the industry are expected to deteriorate when compared to last year due to these massive events. The conditions are tough for most companies because of their solvency situation due to such results.

However, this will lead to an interesting scenario where companies will have

to look at how they take climate change as an inherent risk, and how they look at building their portfolios, businesses and pricing.

Moving forward, how will digital technology impact the general insurance industry?

What we called digital is no longer a luxury or boardroom conversations now. The hyper speed of the internet, the kind of solutions that are emerging, and with a number of start-ups thinking of ways to look at businesses, this has changed.

Technologies such as blockchain, Artificial Intelligence and Machine Learning, which we spoke about two to three years back as something that will happen, is already there; so, now there is a massive shift happening in terms of processes, business solutions, and how data is being collected and looked at.

For the insurance industry to be away from this would not make any

sense, and that is why most companies are looking to find good solutions using these tools that benefit customer experience or get some new products that were not there.

Customers who have got used to an era of e-commerce are looking for instant delivery of products and services. If you look at insurance companies, they are very traditional in the way they think.

So, it is not only about micro changes now; my belief is that in the years to come and starting from next year, you will see efforts being made by the industry to make massive transformations to bridge all the gaps.

You said the insurance sector will move from being a push industry to a pull industry. Can you elaborate a little more?

The insurance industry has always been a push industry because nobody gets up to buy insurance on his own, but when a conversation happens, the person gets convinced to buy it. That is why insurance companies are still largely distributor-led companies because conversations have to happen.

Now, this is where the massive transformation will happen. Once a customer feels that his problems or worries are getting solved, there will be full effort in terms of buying the product. So, from a push, we will move to pull, and as a company, we are very keen to lead this transformation.



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