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# Policy moves in 2024 - game changer for insurance

**2025 will be crucial for 'Insurance for All' target by 2047**

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As we enter 2025, the general insurance industry stands on the brink of significant transformation. The changes from the past year highlight a clear path forward—one that prioritises customer needs like never before. The next few years are poised to offer revolutionary benefits to customers, making their lives simpler and worry-free. By developing affordable products that cater to current demands, along with personalised services and user-friendly platforms for transparent knowledge sharing, the industry is committed to enhancing the customer experience.

## Regulatory initiatives

The Insurance Regulatory and Development Authority of India (IRDAI) and insurance companies are working together to encourage insurance uptake, protect policyholders' interests, and expedite claims processing. With the aim of "insurance for all" by 2047, a prominent initiative is the Bima Trinity, with the year 2025 being crucial for its implementation.

At the heart of the Bima Trinity initiative is the Bima Sugam platform, envisioned to be the world's largest online marketplace for insurance products and services. This first-of-its-kind platform will empower users to choose from various insurer's products and offerings, effectively addressing life, health, and general insurance needs. In addition, the National Health Claims Exchange (NHCE) platform will enable policyholders to track the status of their claims. At the same time, the ABHA ID (Ayushman Bharat Health Account ID) consolidates health records into a digital format, offering easy access to healthcare services. Apart from this, in 2024, the innovative 'Cashless Everywhere' initiative, spearheaded and announced by the IRDAI & GIC, allows customers cashless access to non-network hospitals across the country. This initiative ensures faster claim processing, reducing the extra legwork for insured individuals in difficult situations.

In addition, this year IRDAI has also



**Cyclone Biparjoy: The losses to property & life are still being computed**

decided to remove the age gap in health insurance policies, providing significant support to senior citizens. The waiting period for health insurance has been capped at a maximum of 36 months for all policyholders. This applies to two main types of waiting periods: Pre-existing conditions and specific diseases, both of which now have a maximum limit of 36 months.

These regulations are particularly beneficial for senior citizens, as the likelihood of pre-existing conditions increases with age. Furthermore, IRDAI has addressed several important issues, including the provision for lifelong policy renewal, expanded coverage for AYUSH treatments, an extended free-look period, and a shortened moratorium period.

## Closing the protection gap

The rise in natural calamities as seen in 2024, such as the floods in northern India, Cyclone Fengshen in southern India, the Wayanad tragedy, and Cyclone Biparjoy in Gujarat, have caused widespread devastation, loss of life and economic loss. However insurance cover falls far short of these losses.

Over the past two decades, Swiss Re estimates that economic losses from natural catastrophes have reached Rs 4.2 lakh crore, while insured losses remain starkly low at Rs 31,000 crore. This disparity between total economic losses and insured losses is called the protection gap.

According to Swiss Re, alarmingly, 93% of exposures to natural disasters remain uninsured, illustrating a substantial protection gap. While we cannot alter nature's course, we can enhance financial safety for citizens by minimising the protection gap through robust insurance coverage.

To address the increasing frequency

of disasters, parametric insurance has emerged as an innovative solution. This type of insurance provides payouts triggered by predefined events, such as natural disasters, based on the event's magnitude. Natural disasters usually lead to extensive losses of micro, small, and medium enterprises (MSMEs), home and property, resulting in disruptions to supply chains, damage to physical assets, economic decline, complicated recovery efforts, and strains on public services.

Despite the repeated occurrence of natural calamities and the associated economic and social losses, the property insurance market in India remains below 1%. Also, many MSMEs remain uninsured, with around 85% lacking coverage, according to IRDAI.

## What to expect in 2025

In 2025, we foresee transformative shifts in the insurance industry, with an increased emphasis on personalised and innovative product offerings to address protection gaps, particularly for underinsured populations. Insurers are expected to harness digital technologies to enhance the customer experience and transition from the traditional model.

Another significant domain is cyber insurance, which is gaining traction, yet its market penetration remains limited. Looking ahead to 2025, we anticipate significant growth in the cyber insurance market, likely outpacing many other lines of business.

The industry's growing focus on climate risk and Environmental, Social, and Governance considerations will drive insurers to incorporate sustainability into their core strategies.

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