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CEO CORNER Converting Adversity
Into Opportunity


'Digital to help make insurance more efficient'

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Covid has not resulted in a trend change in the insurance industry, it has only mandated covers that sell in India in the non-health segment, says Bajaj Allianz MD & CEO Tapan Singhel...

With more people buying insurance, has non-life done well during the pandemic?
Most of the non-life insurance purchases in India are because the cover is mandatory. Even in health, only individual policies are taken by choice. While the industry did not go into a tailspin because of Covid, its fortunes depend on auto sales and growth in GDP, and the initial months reflected that. Health has recorded good growth, but if you take out the short-term Covid cover, there is no substantial shift in trend.

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TAPAN SINGHEL
MD & CEO | Bajaj Allianz

Demand for insurance, particularly health, is up...
I have a different view. The corona product addresses all the issues which are factors inhibiting the sale of insurance. It is simple, costs a few rupees per day, and everyone is aware of corona's risks and costs. Yet, the sales numbers do not click. The human brain is wired to be optimistic, so people do not buy insurance, although the fact that we are paying thousands of crores of claims indicates that there is a need. I feel government and insurance collaboration is required. If businesses bought insurance, banks would not have same level of defaults. If businesses bought policies to cover 'standing charges', they would have paid labourers and we would not have seen the same kind of labour migration. If pandemics become a regular feature like floods, there will be a need for a social safety net.

How has the claims ratio been during Covid?
Right now, the lower non-Covid claims are balancing the cost of Covid claims, which have gone through the roof. But even the non-Covid claims could rise in future as many people have postponed procedures.

Has the lockdown resulted in any structural changes that have improved efficiency?
There has been substantial saving on the reduction of documentation cost as the regulator has allowed issuing policies in electronic form. When Covid hit, we managed to issue one crore policies without paper and 30-40 lakh claims digitally. Grievance ratio dropped by 90%. The police, too, have been accepting soft copies. It is this kind of acceptance of digital that will improve efficiencies.