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Digital tech a key driver in general insurance

General insurers are anticipating operational guidelines from the insurance regulator on expanding the last mile reach, with IRDAI having introduced regulations on social and rural obligations.

The new regulation which has come into effect from April 1, 2024, mandates all general insurance companies and standalone health insurance companies to cover a minimum of 10 per cent of lives in gram panchayats under health insurance, 10 per cent under personal accident insurance, 10 per cent of dwellings and shops under fire insurance and 10 per cent of vehicles under motor insurance. A minimum of 25,000 gram panchayats have to be covered by insurers in the first year under the new regulations.

With the general insurance industry growing by 16.22 per cent in 2023-24 (excluding specialised insurers like ECGC and AICD) Tapan Singhel, MD and CEO, Bajaj Allianz

General Insurance, told Pinak Ghosh from The Telegraph the growth drivers for the industry in the financial year 2024-25 and the implications of the regulatory changes.

Q: What are the growth expectations and growth drivers for the industry in 2024-25?

A: The industry is poised for yet another good and strong year going forward. We see a lot of penetration initiatives for insurance companies to reach the last mile especially when it comes to the semi-urban and rural markets. This push toward greater market penetration is further encouraged by the regulator's clear direction for social rural obligations for insurers.


We anticipate the release of operational guidelines in the near future, providing a more concrete framework for these initiatives.

In addition to regulatory changes, digital advance-

ments are also expected to drive significant activity in the industry this year. Initiatives like Bima Sugam are poised to revolutionise the digital landscape of insurance services, offering greater convenience and accessibility to customers.

There is a strategic focus on expanding into semi-urban and rural markets in a more organized manner, especially with insurers being allocated the role of lead insurers in states by IRDAI. They will play a more proactive role in the ongoing fiscal by launching targeted campaigns, developing region-specific products and working with local partners to build awareness and trust in insurance products.

This will also be a year of collaboration where the industry as a whole will come together, collaborate with the government and introduce not just insurance awareness initiatives, but also fulfilment initiatives, ensuring the max-



Insurers need to be mindful of increased frequency of calamities and cyber threats and cyber security

TAPAN SINGHEL
MD and CEO, Bajaj Allianz General Insurance

imum number of uninsured people, especially on the two-wheeler and four-wheeler front are covered. Additionally, better coverage is expected on the government health side, which will further expand the overall penetration of insurance products in semi-urban and rural regions.

Q: What are the probable headwinds for general insurers in 2024-25?

A: The unpredictability and

increased frequency of natural calamities, which were once a rare occurrence happening once every 10 years, have now become an annual phenomenon. The insured losses will keep growing higher. But what is worrisome is uninsured losses are substantially higher, which also pulls the economy down. So, in the industry, we need to do a lot more to first get more people under the ambit of insurance.

With this, not only more peo-

ple will be protected, but there is also a greater spread of the risk over a wider base of geography, ensuring diversification of risk. It is interesting to note that with the de-notification of tariffs, there is a lot more room and scope for innovation on coverages, tailoring products to specific customer needs and at the same time, relooking at pricing.

Cyber threats and cybersecurity are other elements that insurers need to be mindful of. They can disrupt operations, compromise sensitive customer information and lead to financial losses.

Q: How would the recent changes in regulations related to products and policyholder protection impact the industry? How are insurers gearing up to adapt to the changes?

A: The higher free look period of 30 days and the new Customer Information Sheet format for all products brings greater transparency and

awareness among customers, so they know exactly what they are covered for. And in case they want to change their mind within the first 30 days and are not happy with coverages, it gives them greater flexibility. This ensures insurers are on their toes, with less miss-selling and customers are made aware of the coverage in their products.

On the product side, IRDAI has already allowed the use and file process for first-to-market innovative products. But now with the denotification of tariffs for major lines of business, we will see a greater scope in not just pricing, but also in innovative coverages, products, riders and add-ons, which augurs well for the customers, tailored to their specific risks and needs, rather than generic products that may not be relevant for everyone.

Overall, the recent regulatory reforms in the Indian insurance industry represent a turning point.