

## Industry today needs simple de-jargonized products: Tapan Singhel, Bajaj Allianz General Insurance



As technology has changed the way consumers make a purchase, insurers are now looking at creating products that are simple, involve minimal documentation and are more transparent, says Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance Co Ltd.

Talking to Sanjeev Sinha, Singhel says that risk-based pricing and not succumbing to market pressure will be beneficial for the industry in the long run. Excerpts from an exclusive interview:

**Q1) What, according to you, are some of the challenges that the insurance industry is facing today? What are the emerging areas in the industry?**

India is a vast country with over 5000 cities and towns. However, lack of proper infrastructure is the biggest bottleneck faced by the industry in reaching out and tapping the enormous potential offered by these towns and villages. This under penetration is also due to lack of financial awareness, complex products and coverings, low perceived benefits and propensity to purchase based on reactive drivers like insistence by financiers of home, business or personal loans or statutory requirements.

Besides, the Indian insurance industry is still a fiercely competitive market with intense pricing pressures. The industry needs to correct pricing that based pricing and not succumbing to market pressure will be beneficial for the industry in the long run. We are in the business of paying claims where profitability implies a strong financial position and the ability to honor claims.

One of the most significant emerging trends in the industry is digital transformation. Insurance companies today are harnessing digitization and mobile technology to improve distribution and processes, improve and engage with customers and able to analytics that will help in detecting frauds. Besides digitization, one of the positive trends in the industry is the rise in sale of retail health insurance policies. We hope that this trend continues and strengthens in the future.

**Q2) How is technology playing a role these days in customer acquisition as well as new product development and market expansion?**

Technology has changed the traditional buying behavior of consumers even when it comes to financial instruments. Today, they are looking at ease of use, convenience and instant TAT (Turn Around Time). Besides, social media chatter has started influencing purchase decisions. The industry has embraced this huge trend and is increasingly using digital capabilities to acquire and engage with the consumer and offer ecosystem partnerships. Insurers are increasingly self-service platforms, mobile apps and tablet based solutions to attract and retain customers. Today, we at Bajaj Allianz are using social media platforms like Twitter, Facebook as well as the popular messenger service Whatsapp to engage with our existing customers and reach out to new customers.

Since technology has changed the way consumers make a purchase, insurers are now looking at creating products that are simple, involve minimal documentation and are more transparent, so that it is easier for the consumer to make informed decisions and faster purchases. However, we still have some ground to cover on the product development front.

Digitized distribution models are helping us reach the customer's doorstep with insurance solutions as well as remote areas that were earlier uncovered. We at Bajaj Allianz have been able to reach out to 200+ new markets last year due to our key initiative called Virtual Office. Virtual Office is an entire office run on a tablet via various applications. We are slowly trying to go away with the brick and mortar model.

**Q3) Mis-selling and fraud are a common practice in the industry. What are the ways to curb them?**

Mis-selling and frauds have been an issue for the entire industry. Apart from creating dedicated cells in the company, digitized touch points and simpler and transparent products in future will help curb these practices. Today, data analytics is also proving to be an effective tool in the prevention of frauds. It helps identify and detect fraudulent patterns and triggers which help the claims team refer all such cases for investigation. Mis-selling will decline with an increase in digital sales transactions, clear communication and efforts by all players in the ecosystem to increase consumer awareness through all available forums. Social media must also be used for this purpose.

**Q4) Your company had launched an all-women branch in Pune some time back. What was the reason behind it and what has been the customer response so far? Do you also plan to have more such branches going ahead?**

Realizing the large and untapped potential women offer, we came up with this platform - a dedicated branch to offer opportunities to women professionals, especially those who had to leave their careers due to family or personal commitments. The all-women insurance branches recruit and train only female agents and intermediaries. We launched a pilot project in Pune to gauge its acceptance and viability. The project received an encouraging response in terms of participation and the revenue generated. Therefore, we have now replicated it in other across India. Today, with 30 dedicated branches and more more planned across the country, it is a key strategic initiative of the company. We have also set up a support system for our women agents by providing them with an all-female staff, creches, flexible working hours etc. We believe that with their unique qualities of empathy, patience and their attachment to issues related to health and home, women will be able to drive insurance product lines related to these.

**Q5) How are you planning to grow the different segments, particularly health, automobile and home?**

In the Indian automobile insurance space we are one of the leading insurers. To accelerate growth, our main aim will be to increase our reach, especially in the Tier 2 and 3 cities, by expanding our distribution network. We will also be focusing on the two wheeler segment.

In the home and health insurance space, growth drivers would be:

# Tapping new markets mainly in the remote corners of the country. # Awareness drives especially for home insurance, given that the penetration is dismal across the country.

# Coming out with simpler, innovative and need-based product variants. Product innovation in health and home segments has helped our growth in these lines earlier too. For instance, Bajaj Allianz All Risk Home Insurance policy, a unique product launched last year, with features that were introduced for the very first time in the Indian market, saw great response from the consumers.

# Capitalizing on the existing channels by cross selling and up-selling.

# Integrating with online aggregators and participating in government driven schemes. # Most importantly, providing consumers with value addition.

**Q6) What is your focus as the insurance industry is going through a slowdown phase currently?**

In the non-life space the slowdown was due to the unviable pricing and drop in sales in the auto industry given that a large proportion of premium comes from the motor segment. However, we are now witnessing some growth given the rise in automobile sales and measures taken by the regulator to correct pricing in the industry. Meanwhile, our energies are focused on strengthening our home and health portfolio as well as distribution capabilities. An incremental effort on these fronts will positively impact our growth. Additionally, initiatives by the new government at the Centre, such as FPOBID, Smart Cities, Digitization, Make in India and Financial Inclusion, will contribute towards economic and industrial growth, which in turn will lead to sustainable growth of the industry.

**Q7) Are you planning to launch any new product or enter a new segment?**

The industry today needs simple de-jargonized products that are easy to comprehend and purchase. Last year we introduced 3 new unique products - 2 in the health insurance space and 1 in the home insurance space, which received great response. Going forward, our focus in the product domain will be on creating simpler and transparent products that can be easily bought online and via mobile platform. Last year we also ventured into the agriculture insurance market and till date have covered over 27 lakh farmers across various states in the country. Going forward we are looking at participating in the various weather-based insurance schemes proposed by the government and providing security net to a larger farmer base.

Besides, we will be exploring opportunities to provide more value additions beyond insurance along with our products. Currently, we provide over value-added services with our health and motor insurance products.

**Q8) What are your other plans and growth targets?**

Improving our penetration when it comes to personal lines of business is the key goal. Apart from this, we have 4 main focus areas which will play a key role in achieving our growth targets.

# Distribution Transformation: Just as the government aims to reach the remotest corners of the country, our aim too is to take insurance to every city, town and village of our nation and reach out to around 500 new markets by the end of this financial year.

# Customer Centricity: Delivering superior value with an excellent and caring experience for the customer. Most important would be providing ease and convenience with priority given to claims, billing and policy processing. Our mobile app 'Insurance Wallet' is a step in this direction.

# Digital by Default: Every process to be digital, empowering customers and channel partners with low cost mobile solutions. Make our claim settlement procedures even more efficient in

# Relationship Beyond Insurance: As insurers we want to establish a clear leadership in engaging with our customers beyond insurance. Currently, we provide a host of services like 24 X 7 Free road side assistance for women, discounts on wellness services, apps that give access to online pharmacies and doctors on call, to name a few. Going forward we want to further innovate on this front. For instance, given the busy lifestyles that we live today, can we look at providing our customers with residential plumbing solutions as a value addition along with home insurance solutions?

