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Back on the high growth path

Digital push, smooth adoption of GST augur well for the industry

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The year 2017 began with many questions for the insurance industry, but it is now breathing easy. The return of higher growth rate in new business premium in life insurance, digital push by the non-life segment and a rather smooth adaptation of the Goods and Services Tax (GST) have given the industry a sense of optimism.

"The year has been eventful with high growth returning after the modest performance of 2016, the grounding of initial public offers (IPOs) and the roll-out of the GST, among others," Manoj Kumar Jain, Managing Director, Shriram Life Insurance, told *BusinessLine*.

IRDAI data show that the cumulative new business premium during April-November 2017 of all life insurers stood at ₹1,22,937 crore (₹1,03,405 crore in the year-ago period). LIC had a market share of 73.4 per cent, up from 72.8 per cent a year ago.

The industry has seen positive growth in new business. Private sector insurers have been growing faster (35 per cent) in the individual non-single premium category than LIC (17 per cent). As much as 62 per cent of LIC'sbusiness comes from group business, as against private players' 42 per cent.

In the regulatory space, IRDAI's guidelines on point of sales (PoS) provided for expansion of distribution of simple life insurance products. "Going forward, the big thing will be designing of more products keeping in mind the affordability and accessibility to mass market," Jain said.

Non-life

The general insurance sector has also witnessed significant developments and winds of change. The main drivers have been public listing of large players for the first time on Indian bourses, a digital drive, implementation of GST, and regulatory changes towards making insurance a more customer-centric and transparent process.

Cumulatively, the gross premium of all non-life insurers during April-November 2017 increased 17.6 per cent to ₹96,106.55 crore. For general insurers, the premium collection in the first eight months of the fiscal rose 16.4 per cent to ₹85,024.85 crore.

Standalone health insurers' premium was up 43.3 per cent to ₹4,369.71 crore, while for the specialised insurers, the premium growth was 18.9 per cent at ₹6,711.99 crore.

"During this year, we also explored and implemented new technologies such as blockchain, chatbots, artificial intelligence, and internet of things (IOT) to make the engagement with customers as smooth as possible," said Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.

In the motor insurance space, customer-centric initiatives such as Motor On the Spot (MOTS) enabled customers to self-survey the loss with the insurance application on their smartphones and allowed insurers to settle motor claims of less than ₹20,000 immediately.

With the increasing number of cyber-attacks, Indian consumers are also likely to opt for new age risk offerings such as cyber covers apart from corporates, he added.

Consumer-driven

In the year to come, the insurance industry is expected to gradually shift from a product-based approach to a dynamic consumer-based approach and move beyond offering annual policies to customised short-duration plans as per customer's requirements and preferences. According to Tapan Singhel, the focal point for the industry will be on innovative customer-centric products and services, which will help to expand the risk-cover net.

Positive moves

- Spurt in cumulative new business premium
- IPOs, digital drive and smooth implementation of GST
- Consumer-centric initiatives and deploying artificial intelligence, Internet of Things, etc

Challenges

The response of retail investors to the IPOs of two public sector general insurance companies — New India Assurance Company and General Insurance Corporation of India — was not too encouraging.

National Insurance Company (NIC) has been working on its own IPO plan, which is likely to hit the market in 2018.

While noting that the appetite for retail investors for insurance IPOs is still not robust, the industry expects it to gain traction with interests from other investor segments going forward.

A panel formed by the Insurance Regulatory and Development Authority of India (IRDAI) recently suggested, among other measures, major change in the investment norms for the life insurance sector.

The committee, constituted by the regulator in January this year, opined that current investment norms applicable to traditional business were quite 'restrictive', making it difficult to offer competitive returns to the policyholders. The authority is expected to come out with some changes early next year.

The health insurance penetration is both an opportunity and challenge as it remains at only 30 per cent.