

### [To be profitable, you need to pay claims very well: Tapan Singhel of Bajaj Allianz](#)

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Even as the Coronavirus pandemic brought health insurance into the limelight, sales of health insurance products have tapered off to pre-Covid levels. Tapan Singhel, the MD and CEO of Bajaj Allianz General Insurance, believes a government-backed basic Rs5-lakh cover for everyone is the key to improve the off-take of health insurance. In a free-wheeling interview with Deepa Nair and Chandni Arora, he talks about digitisation, cybercrimes, speedy settlement of claims and what makes Bajaj Allianz India's most profitable general insurer. Edited excerpts:

#### **1) Why have health insurance sales fallen despite the increasing awareness after the Covid pandemic?**

In my view, I expected this to happen and this is natural. People say heightened awareness translates into higher sales. I don't think so. Let me explain how this works. The human brain is wired to be eternally optimist and wired not to see risk. This is especially true of youngsters. The younger you are, the less risk you see and that's why we end up taking risks which we don't need to take.

However the human brain is very logical and reasonable and when somebody speaks to a person and is able to make them understand what is good, they understand and that's why insurance has always been a conversational sale. Insurance is a distribution-led business except where it is mandatory, not just in India but even abroad, for instance in the US.

So, if we want to get to the level where every citizen has access to insurance, then the government and insurance companies have to work together. This is the statement I have been making and I want to again emphasise on this.

From 1986, when the first Medclaim was launched in India till date, only 12 crore lives have been covered under health insurance.

Why we are not unable to tap into more lives is something we need to collectively examine.

I would like to mention the initiative with the Jammu and Kashmir government, where we have covered every person in the state with a Rs5-lakh health insurance cover. Such a partnership between the government and the insurance company is good for the public.

The government ensuring reach, and insurance companies managing the risks and pricing, is a winning formula.

Now, we hear a few other state governments are also talking about a similar cover.

When you provide such an extensive coverage for a large population you find the health infrastructure moving up. Even in the budget, the kind of outlay made towards health and wellness will lead to increased life expectancy of Indians, at least by about 8 to 10 years. Is it not phenomenal?

## **2) With the industry turning towards digitisation during the pandemic, will automated claims settlement become the norm?**

In the pandemic, especially during the lockdown, automated claims settlement was 100 percent and though it dropped later but remains above the pre-pandemic levels. We have always been asking the regulators and governing bodies to accept digitised policy copies. But there was still a regulatory requirement to send paper policies and the police on the road would not accept insurance copy on the mobile.

During the pandemic, the regulator and the state government stepped up and said physical documents are not required. Now that is when the push came through. This has led to a huge shift.

Similarly, when it comes to claims, we have been the first insurer to come out with digitised claim settlement back in 2014.

Click pictures, upload and we will pay the claim within 20 minutes. In the pandemic we also digitised the process for fire-related claims.

We just got a video shot, assessed the damages and approved claims. Today as per regulatory requirements, we have limits to which we can self-survey; up to that limit insurance companies only require data via machine learning based on photo metrics and analysis with past data. It is a simple solution. So, I will be surprised if most insurance companies don't have it. This tool needs to be used more as it enables a smooth claim assessment and settlement process, giving customers a lot of delight. As time progresses, claims will get digital to a large extent.

**3) This accelerated digitalisation has also resulted in a rising number of cybercrimes and cyber threats. How has this impacted the cyber insurance landscape? Do you expect an uptake in cyber insurance policies?**

There is awareness but it has not translated into uptake of this cover. One needs to have more conversation around this subject . So conversational sale is that please buy it; it is a powerful tool and doesn't cost much. The first two cyber insurance policies were bought by my daughters.

Today Bajaj Allianz even offers a cover for cyber-stalking and it does not even cost Rs1000 for the whole year.

With digital risks relating to malware & phishing highly prevalent today, why won't one have this cover is my question.

**4) BAGIC has reported a 73 percent rise in net profit at Rs 330 crore in Q3FY21 and has consistently been the most profitable general insurer in the industry. How have you been maintaining growth and profitability especially at a time when many other insurers are reporting losses?**

It's a contrarian statement but to be profitable you need to pay claims very well. Even in grey areas, pay claims. We should be the best claim paying company – that is what I have always told my team. One might argue that how can you be a very good claim paying company and still be profitable. The answer lies in identifying frauds quickly and eliminating them ruthlessly.



Why should public money be misused by some nefarious elements? As insurance companies, we should not take it lightly. Insurance frauds across the world have been a huge issue. To combat frauds we had set up a strong team many years ago. We don't allow fraudsters to get away easily, even if we have to get them arrested. However, when it comes to genuine customers, we must pay very fast and pay gracefully.

Pay claims, eliminate frauds, underwrite well, have a good spread of business across all lines.

Given that we are in the business of risks, it is good to have a well-spread portfolio as you never know when something somewhere might go wrong. But altogether, you can be a profitable company and also grow and serve your customers well.

**5) Do you anticipate health to drive growth for the general insurance industry over motor insurance which was impacted during the pandemic?**

Health insurance will drive growth for the industry as awareness around it is increasing. Selling a health insurance policy a decade ago was more difficult than today. The moment a distributor reaches out and you have a conversation, sale happens. As distribution channels are getting larger, health insurance is also getting sold.

Motor insurance didn't take a backseat as such. Given that there was no sale of vehicles for two months, motor premiums came down. When the sales picked up, motor premiums moved up.

Coming back to health insurance, I believe a good health insurance plan is very essential and the way state governments are reacting to it and the way Centre is looking at covering the missing middle, health insurance is set to become bigger than motor insurance.

It will take time if the distribution is led by insurance companies on a standalone basis. If the government comes in, the momentum will be faster.

**6) There is still a perception among customers that getting an insurance claim settled is a difficult proposition despite insurers underwriting losses. How important is experience in the claim settlement process and what new initiatives is BAGIC working towards?**

That is a very futuristic question. Let me answer it in a very simple way. As an industry, we need to tackle what people think and perceive about insurance companies. The insurance industry is bleeding, losing money, and has a high combined ratio which means they are paying claims beyond what they can afford to pay but the customer still feels the insurance company does not pay claims. How do you handle this and how do you make customers feel that insurance companies pay claims?

The answer is to simplify the claim settlement process. That is what we have been pushing and we will keep on pushing.

For the customer, the process should be this – you file a claim and you get the money. As a company you keep on cutting down on all the steps which are cumbersome. Second is distribution and conversation; 99.99% of Indians are either under insured or not covered, which is sad because insurance costs very little and if things go wrong, without a cover it has a huge impact on the finances. So how do you build up distribution and provide the necessary coverage through as many avenues as possible. If we are able to get these two things right then I believe we are on the right track.

(Deepa Nair is a Mumbai-based journalist specialising in finance and international affairs; Chandni Arora is a Jodhpur-based writer. She writes on insurance, culture and lifestyle)