

[Insurance Business Rests On Conversations, Relationships & Trust](#)

In a quick confab with the MD & CEO of Bajaj Allianz General Insurance, Tapan Singhel takes us through the insurance sector, how digital data and technologies are at their core, upcoming trends and more.



02 June, 2021 by Soumya Sehgal

As Bajaj Allianz General Insurance completes a milestone of 20 years in the insurance industry, we took this opportunity to speak with its **MD & CEO, Tapan Singhel**, who is also one of the founding members of the organization. In the past nine years with the company as its MD, he has rigorously followed the path of empathy for all stakeholders.

A strong believer of the fact that empathy is the hallmark of great leadership, the pandemic however, tested the attributes and characteristics of the leaders. He describes that the ability of a good leader is to be in an environment that is very uncertain by the hour but continues to lead the team without being daunted. Leadership to him is also to ensure the safety of stakeholders, effectively manage business progression together, have the agility to manage the current circumstance and have the foresight to see the future changes and lead the company successfully to that vision.

Singhel's overall journey with Bajaj Allianz goes back to nearly two decades. We map his observations and learnings from the insurance sector.

Excerpts:

Q. You have had significant experience and expertise in the insurance sector. What have been your core learnings, from an industry point-of-view?

If you look at it, everyone should have insurance which is very affordable but it still remains predominantly under-penetrated. Today, during the COVID-19 crisis, the cost of Corona Kavach is approximately INR 600-700 for the entire year still majority of the people do not have the insurance cover. There are some insurance products that people must have in addition to the mandatory motor insurance cover. This is one of the learnings I've had, that people are excited to spend money on various luxurious but do not invest in insurance for their protection because the human mind is not wired to see risk. This is the challenge we are grappling with on how to get this to the forefront.

Another big learning is that the insurance industry is an industry of purpose that can make a difference to people's lives. Given the natural calamities that happen in our country, if people were more aware of how affordable home insurance is, which can be as low as INR 5 per day, it can save people from huge financial loss.

General Insurance companies do good not just for individuals but also play a vital role in the development of the country and economy. Close to INR 20 lakh crore have been invested by both general and life insurance companies of India in Central Government Securities which is a significant amount compared to close to INR 60 lakh crore total invested by other industries. The insurance industry by doing so is indirectly contributing towards subsidies, pension, infrastructure, defense and various other schemes provided by the government and is also helping to bridge the fiscal gap. The insurance industry also provides employment to more than 30 lakh people directly and indirectly. Thus, the insurance sector acts not just as protectors for our citizens but are also as nation builders which is the purpose of this profession that cannot be understated.

Q. What have been your learnings on the data front? Is the new normal more data-driven, given the massive changes in activity and customer expectations that have taken place this year?

Data does play a very important role in our line of business, especially if we look at it from a cross-sale or penetration perspective. High value, high velocity, and a high variety of information have enabled insurers to make better decisions by providing new insights into the needs and habits of customers both from underwriting risks and managing claims.

Data-based predictive models have helped assess and underwrite risks better, and have also helped understand what products to cross/upsell to which customer. But for me, the most important part that data analytics plays is from the claims perspective. Claims are the moment of truth for customers when it comes to insurance and we feel that data analytics which helps from sales to underwriting to fraud would be significant in making the claims experience seamless.

To combat frauds, we felt that we must focus on improving the claims cycle using data analytics and use our fraud analytics to avoid them. Our objective has been to make things easy and frictionless at the time of claims for customers, which may improve the trust, that people have in insurance and will look to secure their assets more. Fraud analytics is another focus area for the insurance sector where data can help support in identifying potential frauds beforehand and subsequently nip them in the bud.

Q. With consumers expressing the greatest desire for digital experiences, what is your take on the use of digital technologies and tools? Should insurance industries now look at a hybrid model?

I believe that insurance will remain a conversational sale but will move towards a hybrid model. India's insurance market is maturing and we are seeing an acceptance of digital innovations from customers that was further boosted by the pandemic. Digital infrastructure and the rise in mobile connectivity in the country have offered an opportunity to reach out to people in the corners of the country and offer them insurance solutions.

Leveraging the country's digital set-up, we established virtual offices which provide the entire gamut of insurance services on tabs and mobiles for its customers in the remotest corners of the country at their doorsteps thus co-existing our business in the phygital model.

Chatbots are making huge inroads in the customer service space and are today usually driven by context-driven AI. The company also launched an app called Caringly Yours, empowering its customers in conducting insurance transactions – anytime, anywhere. From AI to blockchain to having bots on ML and our MoTS (Motor on The Spot) settling claims in 20 minutes – we are ahead of the curve.

However, Insurance has been a conversational sale, where you convince people about its benefits and eventually people buy it, the essence of which will always remain. But the insurance lifecycle will be augmented with digital integration to ensure a seamless experience for the customer. However, the insurance business will always be based on conversations, relationships and trust which take years to earn.

Q. With significant changes in business models and consumer behavior, what new opportunities & challenges do you anticipate in the coming months?

The pandemic has not only transformed the insurance lifecycle but the regulator has also supported and allowed the integration of digital capabilities. Although digitization has taken center stage, organizations will set up ecosystems holistically to seamlessly cater to customer worries where frictionless claims will be the way forward in the industry. During the pandemic, the testimony of empathy has been shown by various organisations that were earlier perceived as only revenue or profit-driven. The support provided during these times of despair has given an empathetic human angle to the erstwhile faceless organizations of yesterday.

However, the biggest challenge is the customer mindset towards the insurance industry in its entirety. When there was a rise in COVID cases, we saw a surge in inquiries that subsequently died down until resurgence with the second wave. A constant challenge for the insurance industry is that customers are still unsure of insurance as a financial mitigation tool especially prevalent in our current uncertain environment. Customers don't believe they need a pure risk-based product like insurance but only realize the need for it once they have gone through a calamity but by then it's too late to buy insurance.

Creating awareness and making people realize the importance of insurance so that they are covered before any uncertain sickness or calamity remains a major challenge for the industry.

The insurance industry is bleeding with the combined ratios above 100% and claims being settled with a faster TAT because of digital processes but still, the perception that a common man has is that insurance companies are not doing a good job. Unfavorable outcomes get highlighted more than the positives which is the overall challenge faced by the insurance industry of changing that perception of insurance.

Q. What key trends do you foresee in the insurance sector?

With the announcement of FDI in insurance, we will see more companies in the market that will happen sooner than we expect. I believe more the merrier because competition leads to better customer service and strong and agile companies will always flourish. The customer's awareness of insurance is moving up due to the current circumstantial environment. Customers are getting more integrated with insurance companies as they are with banks. This is the right time for insurers to serve customers in a frictionless manner thus earning the trust of customers.

From the insurance products point of view, Sachet insurance will see a good response from first-time insurance buyers who typically vary the benefits of insurance and opt for low coverage low premium products. Usage base products will also see more inquiries since people will want to for example have a motor insurance cover only when they use their vehicles. I am a strong advocate of parametric insurance since we are witnessing an increase in the frequency of natural calamities year on year. I feel that cyber insurance policy will see a surge too with the increased dependency on technology by both individuals and corporates.