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'Coronavirus claims have not moved up significantly'

Non-life insurers have seen their businesses drop in March due to Covid-19, and face uncertainty in the coming months, given the current environment. **TAPAN SINGHEL**, managing director (MD) and chief executive officer (CEO), Bajaj Allianz General Insurance, in an interview with Sobrata Panda, speaks about the company's business during the lockdown. Edited excerpts:

Covid-19 has caused huge disruptions in all the sectors, including insurance. How is the company coping up with the disruptions?

We had gone into work from home before the lockdown was announced and we were fully prepared. We have issued around 1.7 million policies in the lockdown period and settled around 900,000 claims. We also made sure that the staff has access to counselling, which has been kept completely anonymous, and almost 30 per cent of our staff reached out for this service. Also, we are seeing that people are more productive in this work from home structure. So, why should work from home not continue? If people are able to deliver productivity working from home, then this may become a new norm in times to come.

How was the quarter for you and how much of your business got impacted due to Covid-19?

Our growth for the year has been close to 16 per cent while the industry growth was 9 per cent. So, overall, the year has been pretty good for us. In the retail health

segment, a lot of inquiries are coming up. So, movement is happening. But is it to the level that it should be? No. This is surprising, given that health insurance is very under-penetrated. Luckily for customers, the insurance companies' health policies have Covid cover even now. So, I was hoping that the spike (in health product sales) would be much higher but it is not to the level I was expecting it to be. The property business has also seen a movement up but the motor business was 40-50 per cent lower because there are no new car sales happening.

Will the retail health segment see a spike in demand due to the ongoing crisis and penetration in this segment go up?

For the price that an insurance product is available, people should queue to buy it. But even as a push product and in a crisis situation like the present one, penetration doesn't move exponentially as it should. If you look at cyber insurance cover, they should sell like hot cakes given that cyber crimes have moved up by 100 per cent and in such a scenario, there is hardly any sale of individual

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cyber cover with a premium of ₹700 per year for a cover of ₹1 lakh.

Have you seen a spike in health claims because of the Covid-19 situation?

Not yet. In fact, most of the hospital are reporting occupancy levels of 30-50 per cent. In the lockdown period, the number of health claims has reduced. And, the Covid claims have not moved up significantly.

What is your take on standardisation of rates for Covid-19 treatment?

There should be a regulator for hospitals. Insurance companies do their bit by negotiating with the hospitals so that the

rates are standardised because at the end of the day, the customer pays. When the claim ratios go up for insurance companies, they increase the price. And if you have a lot of hikes, the customer is burdened. Banks are regulated, insurance companies are regulated so why not the hospitals. Insurance companies will do their bit and negotiate with the hospitals but I do not see a uniform rate coming through.

With motor third party hikes put in the backburner, how will it impact the company's loss ratios, given that there may be heavy discounting to gain customers?

As less vehicles are plying on the road because of the lockdown, the own damage loss ratio and the third party loss ratio will be lower. But when the lockdown is lifted, as we saw in the case of Wuhan, people prefer to use private vehicles instead of using commercial vehicles. So, the number of vehicles on the road may actually move up then. So, the frequency of accidents may also go up. Right now, people see a lower loss ratio but after the lockdown, my feeling is the loss ratios for both health and motor will shoot up again. While there was no hike in the TP (third party) rates but as the lockdown was in place, so it got balanced off. But if the industry starts giving discounts thinking that the loss ratio has come down and there is no hike in TP rates, then the loss ratios may go up in future.

Crop insurance has been a drag for general insurers. Your company has also been taking it slow and many have even stopped underwriting crop insurance. What is causing this drag?

For crop insurance, from the very beginning, we have maintained a stance that we will do business as per our market share. So, if our market share is 7 per cent, then our crop business will be 7 per cent of our overall portfolio. So, we have never been overweight or underweight in crop insurance. As crop insurance business is so large, the company has to have good

solvency and it also needs to have competence to handle the business.

While there was widespread disruption, business interruption losses were not covered because there was no damage to property. Do you think there is a need for a separate pandemic cover now?

Was this cover not available before Covid-19? No. This is because they wanted to have the cheapest insurance. It is not the cover was not available but people did not take it. Now, the problem is when the pandemic has happened, people are looking for cover and it is not available now. One of the recommendations I had given was that we should look at creating a pool. Here, the government should also put in money and the companies also put in money and we start covering it.

Life insurance companies want to sell indemnity-based health products now. How will this impact the general insurers?

The more the merrier. If the pie was exhausted then, there could have been a problem. So, if more players want to come in and sell the products then it's good. Most of the long-term policies are done by life companies and the short-term policies are done by general insurance companies. So, for a level-playing field, everything should be allowed for everybody.