

Date: 30.11.2020

Publication: ET BFSI.com

[Corona Insurance policy costs Rs 2 per day, still has less buyers: Tapan Singhel, Bajaj Allianz GI](#)

All the health and general insurance companies launched dedicated insurance policy to cover Coronavirus but there are not enough takers, says Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance. In an exclusive interview with ETBFSI he described the current state of the general insurance industry. He believes that the solo Insurtech companies will have a tough time without partnering with traditional companies. He further adds that we should be prepare for future pandemics.

Amol Dethe | Updated: November 30, 2020, 13:19 IST



There are different health insurance policies covering even specific diseases but the insurance penetration in India is very less compared to other emerging countries. During lockdown, insurance Insurance Regulator IRDAI asked Insurance companies to issue dedicated insurance policies for Covid-19. All the health and general insurance companies launched Corona Kavach and Corona Rakshak policies but the response was not as expected.

“The cost of Corona Kavach policy is Rs 2 per day. The product is available online with only a few clicks. Generally there is a lack of insurance awareness but in the case of Corona everybody is aware and knows the risk very well. Buying products is seamless as no major questions are asked. Policy comes into action within just a 15 days waiting period... but people are not buying. It’s unfortunate,” said Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

Singhel explained the Insurance industry has innovated a lot and the cost of the crucial products is very less but the response is very less.

“Industry has close to 400 products. Today the biggest risk is cyber. And the cost of the cyber insurance is Rs 700 a year. But people don’t buy.”

However, insurers received a huge response for the motor insurance product 'pay as you go'. A motor insurance policy that allows customers to pay insurance premium according to the kilometres they drive.

Dealing with Pandemic Digitally

Digitalisation has been picking up in every business but the insurance sector has its own challenges.

"Digital lacks in many ways... For even digitally advanced countries like Singapore, 95% policies are sold on paper. But in the lockdown we issued one crore policies and settled 30-40 lakh claims digitally. One corona followed by lockdown enabled digital tools. 'Which means digital tools that were already there were used extensively. What is also surprising is, the grievance ratio dropped by 90%," explained Singhel.

E-commerce selling insurance

E-commerce companies and online portals have been partnering with insurance companies aggressively but it will take some time to reach to a next level.

"E-commerce is a high volume, low value business. The policies sold on e-commerce platforms are for specific purpose i.e mobile cover. But it's an emerging distribution segment, because it can sell products with ticket size which are difficult to sell otherwise due to low commission. Importantly, they have the distributor license and they can also sell other products too," added Singhel.