

# Why should we not seek subsidy: Panelists

Say customer engagement has been one of the pain points for insurers, historically



**BHARGAV DASGUPTA**  
MD & CEO  
ICICI LOMBARD GENERAL INSURANCE

**"Fact of the matter is that health insurance or any insurance is a pooling of small amounts of premiums used to pay a few large claims. Conceptually a pandemic is uninsurable"**



**RAKESH JAIN**  
CEO  
RELIANCE GENERAL INSURANCE

**"Insurers have stood by people in tough times and have taken heavy penalties. Monoline firms had to scramble to raise capital. General insurers could show some resilience because their business is diversified"**



**ANAND ROY**  
MD  
STAR HEALTH AND ALLIED INSURANCE

**"The non-life insurance industry has paid roughly ₹30,000 crore worth of Covid-related health claims over the last 18 months. There were doubts whether Covid is an act of God, but we came together"**



**TAPAN SINGHEL**  
MD & CEO  
BAJAJ ALLIANZ GENERAL INSURANCE

**"The Centre must reduce GST on premiums. The premiums are moving up because of the claims we are seeing. If the effect on the end-consumer has to be lowered, the GST on premiums have to be looked into"**

**SUBRATA PANDA**  
Mumbai, 8 November

The non-life insurance industry has paid around ₹30,000 crore in Covid-related health claims without any support from the government and the cost of such claims are borne by the industry, said the panelists at the *Business Standard* BFSI Insight Summit on Monday.

They said this could lead to an increase in premium unless the government steps in to minimise the burden on the end-consumer, such as through a reduction in goods and services tax (GST) on premiums or address the issue of high health care inflation.

The panelists were part of a discussion on the topic *General Insurers — Insuring the Insurers*.

"...health insurance or any insurance is pooling of small premiums that is used to pay a few large claims. And conceptually a pandemic is uninsurable. But we, as an industry, stood tall and said we would support society," Bhargav Dasgupta, managing director (MD) and chief executive officer (CEO), ICICI Lombard, said at the summit.

"If the pool becomes unviable because of high claims, then the pool has to be replenished by an increase in premiums. But we also have to focus on the cost side of the equation... we have to address the core issue of health care inflation," he added.

Supplementing what Bhargav said, Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, said, "The government should reduce GST on premiums. The premiums are moving up because of the claims we are seeing. If the effect on the end-consumer has to be lowered, the GST on premiums has to be looked into. Why should 18 per cent be charged when we are talking about consumer interest?"

He also questioned why the industry should not ask the government for a subsidy. "Why should the insurance industry not ask for a subsidy for something which is a national cause?" he asked.

Non-life insurers have seen a huge spike in claim size since the pandemic's outbreak and much of it, they say, is because health care providers are charging exorbitant sums for treatment. Without a

regulator, it is practically impossible for insurers to push for standardised treatment rates.

Anand Roy, MD, Star Health and Allied Insurance Co., said, "We are struggling with a party — the health-care operators — which does not have a regulator. This is an area where all the players have to come together in the larger interest of the public. Some degree of discipline has to be brought in the health care ecosystem."

"Insurers have stood by people in tough times and have taken heavy penalties, with shareholders funding those. Monoline companies had to scramble to raise capital. General insurers could show some resilience because their business is more diversified," said Rakesh Jain, CEO, Reliance General Insurance.

He said the goal is to give people quality health care and this should be done through insurance companies. "Hence, premium increases should be linked with goals and not looked at in isolation," he added.

Speaking on competition from new-age digital companies and insurtechs, Singhel said he didn't feel such firms were doing anything drastically new.

"We were forced to digitise even before the pandemic and the digital players came into the picture because we are a low-margin and low-ticket sized industry," said Dasgupta.

"The role of insurers is changing from a risk transfer company to a risk prevention and management one. In order to do this, we have to partner others because we may not have all the capabilities," he added, explaining how insurtechs and legacy companies can collaborate.

"Insurance was always a push product. It was not even a secondary, but a tertiary product. With digitisation, insurance is becoming a primary product and many of these start-ups have realised that insurance creates a great pull for their business model. For insurance companies, insurtechs become an extended way of creating a conceptual promotion of your product," said Jain.

Customer engagement has been one of the pain points for insurers, historically. "This is where technology will play a critical role and collaboration is the right way and probably on the services side, we will see a lot of engagements and developments," he added.