

'Basic challenges in insurance industry remain unaddressed'

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Pune: The challenge of low penetration plagues the general insurance industry despite advances like digitisation, Tapan Singhel, managing director and CEO of Bajaj Allianz General Insurance said.

He said the challenge can be overcome by increasing distribution.

"The customer psyche is very different when it comes to buying insurance. Usually, he does not seek insurance. If the distribution becomes strong, the penetration will increase," he added.

Singhel said the industry has the potential to employ millions. Despite technological advances, the need for human capital is bound to increase, he said.

The company is trying to sell its products in tier-III towns and remote locations by setting

up virtual sales offices and has equipped its sales people with devices to bring customers on board and service them. It also participates in various government schemes like Pradhan Mantri Fasal Bima Yojana to increase the penetration of its insurance products.

According to Singhel, the poor continue to be the biggest sufferers of this phenomenon. He was, however, optimistic of

STRONG DISTRIBUTION

the growth of insurance demand with the rise of asset creation among people.

Part of the reason why insurance penetration remains low is the general mistrust among the people.

He also said despite the fact that industry pays Rs120 as a claim against the Rs100 premium it collects, people feel that

the industry is full of 'thugs'.

He added that innovative ways can help increase insurance penetration. For instance, adding Rs100 as a premium to the house tax might boost home insurance penetration, and in the event of a calamity, the same can be settled through the beneficiary's Jan-Dhan account.

"One of my suggestions to the government was to add Rs 100 to the house tax and when rainfall increases a certain amount, the amount can be credited directly to the Jan Dhan account," he said.

Another aspect that deters people from buying a policy is the use of jargons like "unless repugnant to the clause".

"We are focused on 'demystifying' insurance with the help of easy policy wording," Singhel said adding, "Also people should spend some time reading the policy properly as it is an important investment."