

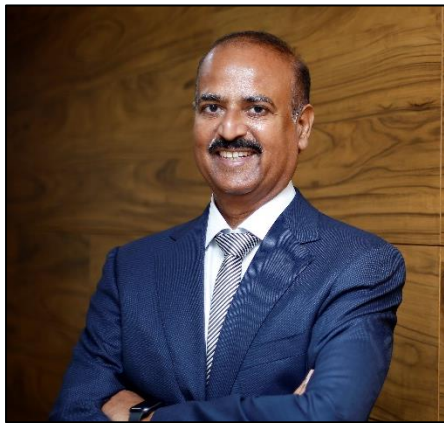
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**Headline:** - If you don't have trust in insurance, then what must you do?

### [If you don't have trust in insurance, then what must you do?](#)

Synopsis - Insurance has existed since the earliest forms of civilization, with humans and animals alike forming groups to protect and support each other. Over time, the insurance industry began selling insurance based on fear rather than the underlying principle of collective well-being. Insurance is essentially a mechanism for caring for each other, extending support to people beyond our immediate circles. It is about individuals and communities coming together to mitigate risks and build a well-protected society.



Insurance has been there even before we evolved into human beings. It existed in the animal world and the earliest forms of civilization, and it shall exist till there is life on this planet.

If you look at animals, they move in a herd so that they're able to protect each other, and if something goes wrong with one of them, the others are there to support them.

Similarly, in early civilizations, humans stayed together in caves or villages and took care of each other. If you remember your childhood, a time when you were part of a close-knit community, a village, or a large extended family, you'll recall

that when problems arose, everyone in the family, village, or community came together.

The pooling of resources would occur organically, with individuals not dwelling on whether they were contributing more or less; it was all about collective well-being.

This sense of communal support provided significant peace of mind to people. As more and more people started moving out of their hometowns for better career prospects, the world became smaller, and these close-knit communities gradually blended into a vast sea of people.

This is where insurance steps in, to create a close family or group of millions of people who support each other when things go wrong.

If I go back into history again, to when insurance started, right from the Babylon Civilization to how Lloyd's of London was formed to facilitate risk-sharing among merchants and ship-owners.

You would see examples across history and civilizations where people came together to pool their resources and mitigate risks. However, over the years, the insurance industry started selling insurance on the pretext of fear, which was never the underlying principle of insurance.

At its core, insurance is simply a collective mechanism of caring for each other; earlier, in close-knit circles and communities, this support was only extended to people we know.

In the modern sense of insurance, this support goes beyond people we know. This is what insurance does; it extends support to people. If you look at it in the Indian context, out of every INR 100 collected as premium by the general insurers, the outgo is INR 118, meaning millions of people are benefited through insurance.

During the Covid-19 pandemic, the industry helped millions through health insurance . Insurance should have been sold from the perspective that it is a bigger group of people simply taking care of each other.

Our money is helping some friends whom we know and some whom we do not know; in a way, our money is giving support and comfort to people.

Similarly, if something goes wrong at our end and we are a part of this bigger family, we don't have to worry; we will be taken care of.

Now, let us say we don't trust insurance companies. What can we do, and what would happen?

Then, we would form a group, pool money and agree that if and when things go wrong for one of us, that pool of money will be utilized to take care of that person.

When such a pool is formed, it is created with certain conditions, like using this money when one is hospitalized with a major illness. Such conditions would be imposed to ensure that the pool does not deplete rapidly.

This takes care of some unforeseen situations for you. Now, if you look, this is precisely what an insurance company does. It collects premiums from individuals and creates a pool.

It imposes certain conditions if someone wants to withdraw money from this pool, which are set to avoid substantial individual financial burdens. There are pools in which you have unlimited coverage. In motor insurance , we have something called V-Pay, a no-questions-asked cover; the premiums are higher for such pools.

Let's say you created a pool with your friends, and if somebody raised a fraudulent or extrapolated claim on that pool, what would you do? You will naturally question the person and ask why they did this since this pool is for the common good.

You would question why the person is trying to breach the faith and trust of others.

That is exactly what the insurance companies do when somebody raises a fraudulent or extrapolated claim which is beyond the terms of the contract; it questions the validity of the claim.

Once we look from this perspective, it helps us understand the true purpose of insurance and how the industry operates. Industry is simply a bigger village; present globally, we have evolved from small groups supporting each other to bigger groups taking care of each other.

Insurance is all about collectively building a well-protected society where individuals and communities are supported in adversity. It's time to shift our perception of insurance from fear-driven to community well-being, recognizing it as a valuable tool for securing our future.

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