

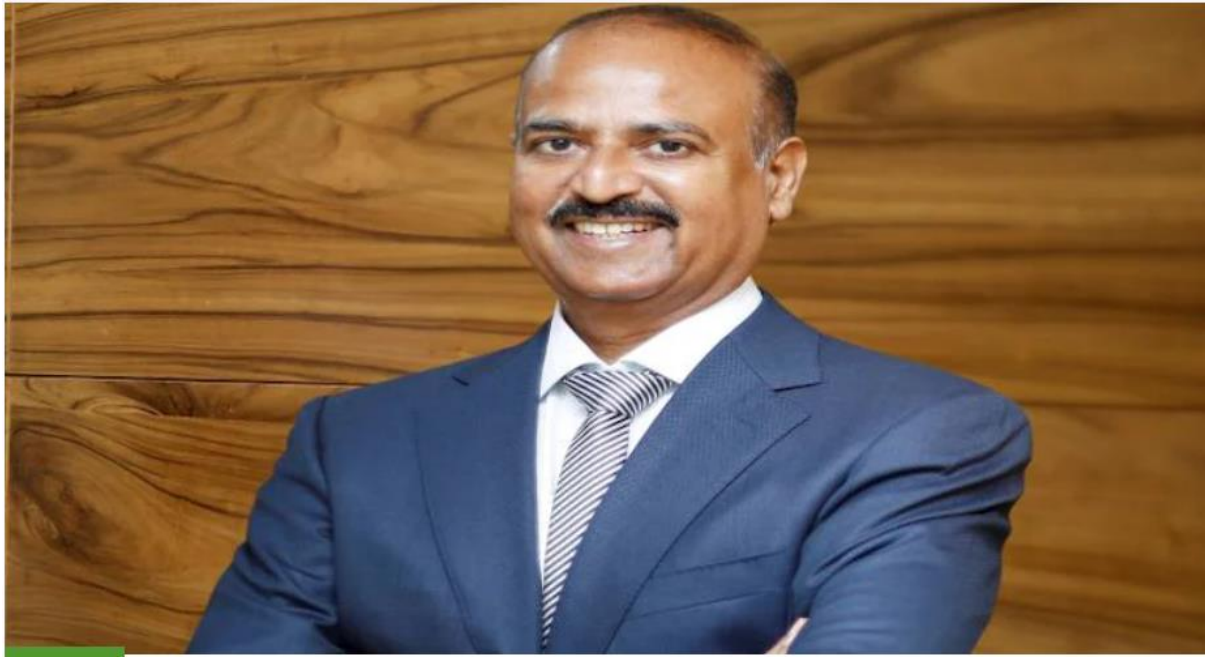
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[Interview | General insurance poised to grow with economy, medical inflation needs tracking: Tapan Singhel, Bajaj Allianz General Insurance](#)

Bajaj Allianz General Insurance's Tapan Singhel talks about his outlook on the industry, pricing on health and motor insurance, and growth.

ISHAN SHAH | SEPTEMBER 01, 2021 / 03:20 PM IST



Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance

Even as the economy is ravaged by a deadly pandemic, leading private general insurer, Bajaj Allianz General Insurance is finding opportunities in a crisis-hit market.

In an exclusive interview with Moneycontrol on September 1, Tapan Singhel, Managing Director and Chief Executive Officer of Bajaj Allianz General Insurance said the company is set to grow with multi-product, multi-channel and all geography strategy.

Singhel spoke about his outlook on the general insurance space, on how the government and insurance companies can work together on Natural Catastrophes insurance and how the COVID-19 second wave has impacted the insurance sector.

He also highlighted how digital investments have benefited the sector and the rationale behind increase in prices of health insurance. **Edited Excerpts:**

What's your outlook on the General Insurance space?

The General Insurance industry is driven by how the economy grows, while the health segment is a bit separate right now due to COVID-19. Typically, it follows the economy, if the economy is going down general insurance premiums will go down too (not immediately but

impact is visible). The industry is insuring assets and would be largely determined by the economic trends.

The awareness on health insurance has gone up due to COVID-19 and people have become cautious. Accordingly the health portfolio has moved up for the industry.

Motor, Health, Crop and Fire largely constitutes 80-85 percent of the industry's business and these four segments will continue to drive growth. General Insurance is a long term industry unlike others which witness huge fluctuations. In an emerging economy like India, the industry will continue to grow in long term.

Have you remodelled and re-assessed after second wave of the COVID-19 pandemic?

COVID-19 has led us to use more digital and have products specific to today's time. Our grievance ratio is least in the industry and in-fact during the COVID-19 time it dropped by 90 percent. We are a digital and innovative company and 20 million policies were issued digitally during the pandemic as the regulator allowed contact-free processes. More than 2 million claims were also settled digitally and we came out with applications enabling customers to lodge claims using their mobile phones.

We have strongly invested in digital capabilities and that has played out well.

On the motor side, we came out with a product in a sandbox environment on 'pay-as-you-go' as cars were not being used much by many people during the pandemic.

In the Q1, we delivered underwriting profits even after impact of the second wave. We have grown on top line and giving underwriting profits. All players made losses during the second wave, but the robustness of our business model led us to come out with underwriting profits.

The learnings of second wave will not go waste from employee safety perspective to ensuring best customer support. We don't hesitate in paying claims and our solvency ratio is close to 340 percent and not falling short of cash.

We have a very strong balance and are a solvent company. As a company, we will be able to pull out again if a third wave comes up.

Natural Catastrophes (Nat Cat) have started rising in last few years? What's the strategy here?

Natural Calamities have become a part of business, previously floods weren't a regular event. In today's time, there are 4-5 flood events and it has now become a part of business – it is happening every year.

Our company is spread across the country and if a flood hits any part it does impact loss ratios, but for us it is a part of the business.

On this aspect, Insurance companies and the government need to work closely for the benefit of society. Wherever, both of them have collaborated it has played out well. For e.g. Crop insurance or the Ayushman Bharat scheme.

In floods, lot of people lose their savings and assets. Parametric Insurance can be worked out on Nat Cat events which have become regular every year. If a flood happens, general public can be taken care of.

It's a simple insurance, where it is agreed upon that if a certain level of rainfall occurs then people in that pin-code can have claim amounts transferred straight to their Jan-Dhan account. This in a way can build up social security net in the long run.

Nagaland is one Indian state which has taken up Parametric Insurance.

Are premiums going to go up on the health and motor side?

On motor, every company prices their own risk and variations will happen. Companies will price their risk in a free market depending on appetite and I don't see much of upheaval. Third-party is mandatory and prices are capped there, so not much of change happening.

On health, when we file a product for three years, insurance companies cannot increase the price. There is a lot of confusion that prices have risen due to COVID-19, for most companies the three year period is getting over and are filing for a price increase.

Barring COVID-19, medical inflation is 14-15 percent every year. Technically, an insurer would hold the price for three years and there is 40-45 percent price inflation in the same period. Whenever a price increase happens in the industry, a big jump is seen for the same reason.

My recommendation is that there should be a yearly increase otherwise it will lead to a sudden spurt. The main reason is the gap of three years. Medical inflation is what has to be tracked. If it is not controlled how one can expect insurance companies to control the price?

How do you view growth in FY22?

As a company we have always been multi-product, multi-channel and across all geographies. We should underwrite well and serve customers well and grow in all lines of business. Focus is on all lines of business.