

[Things should return to normal with economy back on track: Bajaj Allianz General chief Singhel](#)

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Tapan Singhel, Managing Director & Chief Executive Officer, Bajaj Allianz General Insurance Company Limited

GST cut on health insurance, regulator for hospitals can strengthen healthcare ecosystem

Bajaj Allianz General Insurance Company Limited (BAGIC), the country's largest private general insurer by revenue and profits, sees the company's overall business operations returning soon to pre-pandemic level with the economy getting back on track, a top official said.

As in previous years, this 20-year old private general insurer is hopeful of outdoing overall industry growth (estimated at 12-15 per cent) even during this fiscal with the recent uptrend in business led by health insurance followed by growth in motor and property insurance, Tapan Singhel, Managing Director & Chief Executive Officer, told BusinessLine in an interview.

"I can comfortably say, with no further waves withstanding, things should return to normal with the economy getting back on track. The growth of the economy and insurance industry is directly proportional to each other. Hence the better the Indian economy does, the better the insurance

industry does ", he said when asked if business operations had returned to pre-pandemic level..

As of end August this fiscal, BAGIC recorded gross direct premium of ₹ 6468 crore, up 18 per cent over ₹ 5471 crore in same period last fiscal. The overall industry stands at about 14 per cent growth for all general insurance companies.

Singhel also hoped to see government playing an even bigger role in improving the healthcare system in the coming days and noted that a "holistic" approach that covers aspects like need to reduce GST on health insurance (from current 18 per cent to say 5 per cent) and putting in place a regulator for hospitals was the need of the hour to solve the current problem of absence of an efficient healthcare system in the country.

Asked how had Covid-19 impacted BAGIC's business, Singhel said that the impact of Covid on general insurance industry was predominantly on health space. BAGIC too felt the heat with

loss ratios going up just as it happened for the industry. “Loss ratio for health has not been very good for us and that is for the entire industry. While Covid created awareness and sales of health policies went up, claims also got created. The good part is that the industry supported Covid 19 claims. You must also understand health reinsurance was not available internationally for Covid. Industry settled nearly ₹ 30,000 crore claims on its own internal resources.

Every industry affected by Covid has asked for government relief. Did you hear insurance industry asking for any such relief from the government inspite of paying so much claims?”, Singhel asked.

Singhel asserted that it would not be right to describe 2021-22 as a “bad year” for BAGIC, noting that settling claims was part of the business.

Medical inflation

Asked about customers anxiety over increase in health insurance premiums in the current pandemic times, Singhel asserted that Covid is not the reason why health insurance premiums will go up. “People are not understanding this. There is no regulator for hospitals. Premium increase on health policies is very natural phenomena because of the dichotomy in the system. The problem is you can’t increase health premium for three years. It’s a kind of lock-in. Every premium increase has to go to regulator and IRDAI allows this only once in three years. With average medical inflation of about 12-15 per cent per annum, price rise in premium translates to cover 45 per cent medical inflation over three years. Insurance premiums is locked for three years, while medical bills are moving up every year. Premium increase will have to happen to match the previous inflation”, he said.

Singhel said that General insurance industry had already approached the insurance regulator seeking yearly adjustments to insurance premiums rather than once in three years.