

A sustainable and resilient Indian insurance market

By Anoop Khanna

GIC Re chairman and managing director Devesh Srivastava in his special welcome address said the Indian insurance market has always been resilient and has met its obligations even in the worst of catastrophic events.

The future presents a much more challenging landscape as the nation moves towards greater self-reliance and an unprecedented developmental agenda.

He said, "The model by which society currently manages catastrophic perils, with governments implicitly bearing the brunt of growing protection gaps seem to

be unsustainable."

A new 'societal risk compact' is needed wherein companies, regulators, policymakers, insurers, risk advisers and investors all play a part in more proactively managing catastrophic risk.

Management of the pandemic risk in terms of its insurability will continue to be debated for years to come. It remains to be seen how far the market benefits from new covers based on perception and experience of the policyholders and general public to the pandemic.

Speaking about pricing the risks, Mr Srivastava said, "Insurance thrives



on risk appetite and a total relook at the risks, perceived or otherwise, has happened and everyone seems to seek more cover. Pricing is the key here if we are to look at sustainability."

He said, "With the pandemic fear factor, there is greater uptake of comprehensive health insurance. The need is to focus on product design around client needs." **A**

Is the Indian insurance market resilient?

A fireside chat between, Insurance Institute of India secretary general **Deepak Godbole** and GIC Re chairman and managing director **Devesh Srivastava** saw some fascinating exchanges.

By Anoop Khanna

On being asked on the fallout from the pandemic, Mr Srivastava said that it was a setback for those in the insurance industry where a human touch is the basic need. "The WFH and hybrid working culture was entirely a new experience for us. However, we adapted very well and to the extent that we could consider adopting it going forward once we get out of the pandemic phase," he said.

On his experience with setting

up the Lloyd's syndicate in London, Mr Srivastava said that the biggest gain for the company from the Lloyd's syndicate has been the transfer of knowledge from Lloyd's to GIC Re. The Indian insurance industry, he said, has never failed to meet its responsibility towards its customers and the regulator too has been very supportive and has gone beyond limits to promote or support the industry.



On being asked if India can be a reinsurance hub, Mr Srivastava said there was sufficient talent in the country to match the level of growth the country was looking at. "In fact, India has been the talent supplier for the world," he said. **A**

Building a culture of resilience

The CEO panel discussion on building a culture of resilience in organisations had some industry heavyweights deliberating on much-discussed topics among corporate leaders today.

By Jimmy John

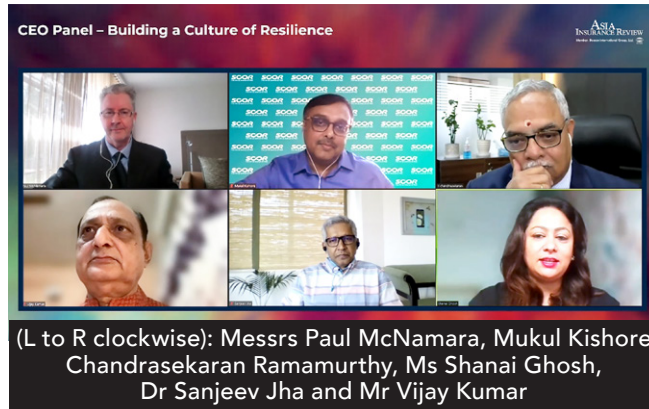
Recruiting the right talent

Speaking on recruiting the right talent to make the organisation resilient, industry veteran and Himalayan Reinsurance CEO Chandrasekaran Ramamurthy said that what is needed today is people with the right attitude and who are willing to make a career within the organisation.

Edelweiss General Insurance CEO and executive director Shanai Ghosh said that the insurer codifies and institutionalises the company's values in order to get the right people on board.

Offering a global institution's perspective, SCOR SE India branch and reinsurance CIO, Asia emerging market CEO Mukul Kishore said that integrating people into the organisation's culture was a critical component.

Offering the view of an InsurTech start-up, Go Digit General Insurance CEO and principal officer Vijay Kumar said that providing people with an environment to grow and



capital and allocating resources was a balancing act which needs constant prioritising. "Capital is always a scarce commodity and so practice frugality within our organisation," she said.

Role of technology

"Technology is an enabler that brings operational efficiency and helps us serve customers," said Mr Kishore.

Ms Ghosh said that it was certain strategic imperatives that led the insurer to adopting technology. "Operating resilience requires flexibility, efficiency and agility and this could be powered by cloud-native technologies," she said.

Dr Jha said that technology was today vital for insurers for customer onboarding, servicing and engagement.

Mr Vijay Kumar said that his company has invested heavily in technology since its inception. "When investing in technology, companies must understand what works best for them in the market," he said.

innovate was critical.

Digging deeper, Fairfax Asia consultant Dr Sanjeev Jha said that it was the role of the leadership to build trust among the employees.

Capital deployment decisions

Speaking about how CEOs deploy their capital in a tough environment, Mr Kumar said that smart management of capital can help the organisation grow.

"Our focus must be both on the top line and bottom-line growth," he said.

Ms Ghosh said that managing

Economic recovery will fuel growth of Indian insurance

A panel discussion chaired by Moody's Investors Service senior vice president, financial institutions group Benjamin Serra looked at issues pertaining to shifting capital dynamic and premium growth to abate profitability pressures in the Indian insurance market.

By Jimmy John

Moody's Investors Service financial institutions group vice president – senior analyst Mohammed Ali Londe said that economic recovery post-pandemic will fuel growth. "Health and protection will be the drivers of growth in the future and the

growth of digital platforms has also seen consumers increasingly engage with insurers," he said.

TATA AIG General Insurance president – commercial insurance and reinsurance Sushant Sarin said that the pandemic has helped insurance awareness and consumption and sees growth potential in the retail and

commercial lines of business.

Profitability issues

Mr Londe believes that the reforms in the insurance sector will bring in underwriting discipline in the market. This, he said, will relieve the competitive pressure in the market and improve profitability and

Insurers need a cultural refit to bring in technical talent

SureClaim's Mr Anuj Jindal spoke with *Asia Insurance Review* about why insurance is still not a preferred employer and how legacy insurers will need to reorient their organisational culture to work cohesively with the InsurTechs.

By **Anoop Khanna**

SureClaim InsurTech co-founder and CEO Anuj Jindal, speaking with *Asia Insurance Review* said, "There are two categories of freshers in the job market today. The first segment is one that seeks job security and stable income, irrespective of the quality of work. This segment prefers established companies or employers' brand.

"The other segment is one where the fresh college graduate is very focused. The person knows what he or she wants in his or her career and they make discreet choices. Their choices may or may not have parental approval, yet they are willing to risk losing low hanging opportunities in lieu of career-aligned profiles."

"This segment of candidates evaluates companies, do their due diligence, well-research the job profiles and ask tons of questions. They are more prone to pass a job opportunity if they don't find a fit," said Mr Jindal.

Mismatch between insurers and InsurTech

Speaking about why insurance is still not the top career option for youngsters despite high remuneration and huge opportunities, Mr Jindal said, "I think the new generation of candidates already finds insurance sector very interesting. This is evident by strong hiring in several InsurTechs, where most candidates don't belong to insurance background. However, the traditional roles within insurers may not be the preferred choices for the new generation."

Mr Jindal said that post-pandemic, the talent requirement for the Indian insurance industry will need to be looked at from a very different perspective.

He said, "The insurance industry has grown very rapidly during the pandemic as customers tried looking for preventive strategies to cope with COVID-related health or life expenses and insurance industry digitised very rapidly to meet this demand."

Digitalisation and technology adoption

"Digitalisation today decides who is the winner or loser in the insurance market as more and more buyers go online. However, insurance products still remain complex. Nothing much has improved on that front, so the role of offline remains strong from acquisition to claim servicing," said Mr Jindal.

"I do see slight improvement in roles related to digitalisation, but the majority of the roles in legacy insurers will cater to the pre-pandemic era way of work."

Speaking about adoption of state-of-the-art technology by the insurers Mr Jindal said, "We were recently dealing with an insurer who was exploring using our AI machine learning technical platform for digitising its claim processes. There was no one on their panel who had a clue about how AI machine learning works. The business requirements were oblivious of technical possibilities.

He said, "Unless insurers hire talent



that understands what InsurTechs are building or what are they working on, they will not be able to understand what value-addition an InsurTech can bring to them."

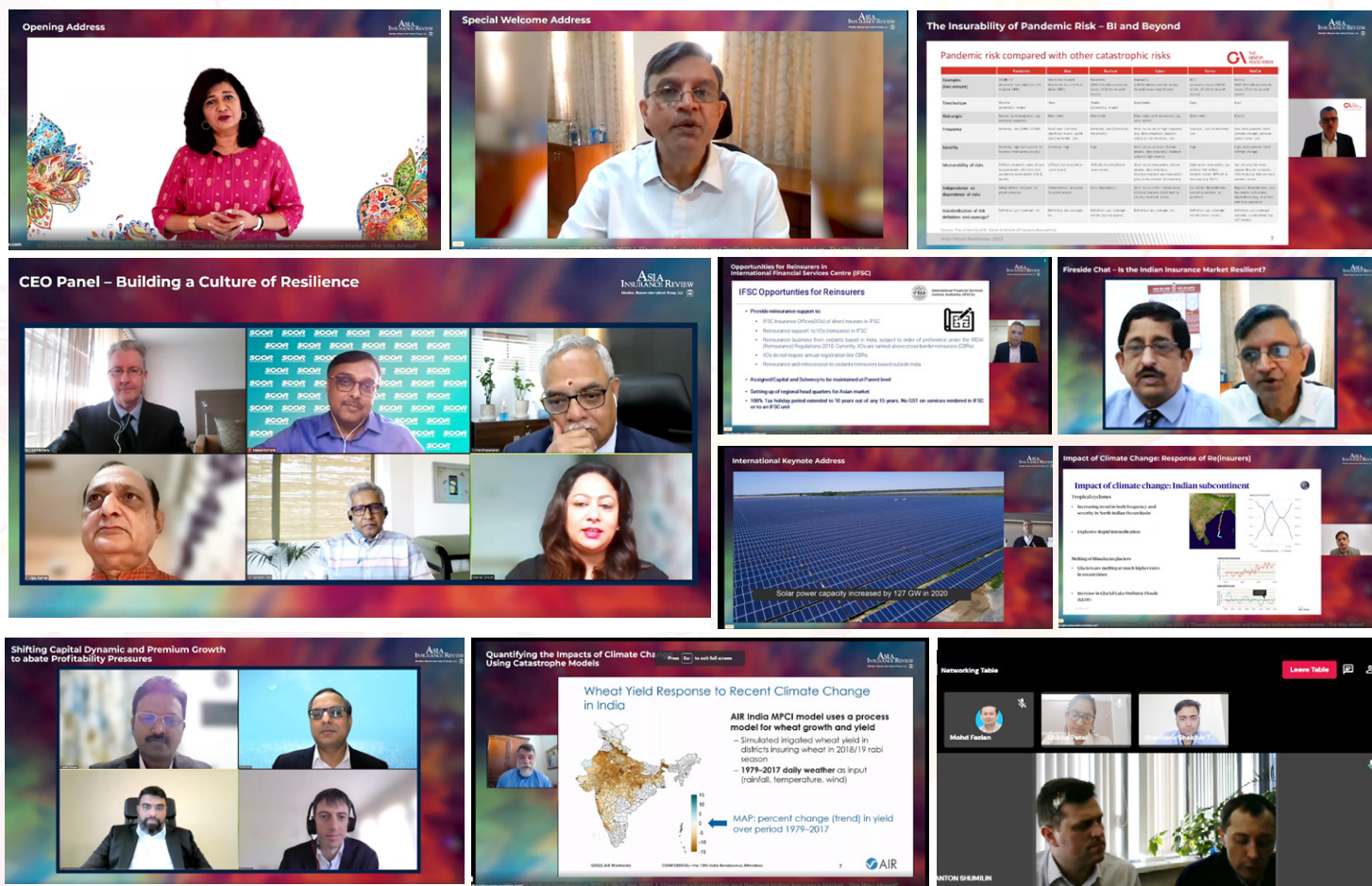
Is integration of legacy insurers and InsurTechs possible?

"Also, if the legacy insurers work on acquiring InsurTechs for their own technical upgradation, the missing cultural-fit will lead to failed M&A. I think Indian insurers are far from being at a stage where they can successfully acquire and merge capabilities of InsurTechs within themselves," said Mr Jindal.

"The insurance sector is witnessing a lot of investor interest and some product categories have COVID tailwinds, so the base of talent is definitely increasing and I see a lot of non-insurance background professionals entering the space."

"But most of these non-insurance professionals are moving to new age companies whereas incumbents are holding on to career insurance professionals. So yes, there is demand for new talent and more talent is coming in, but I believe overlap of talent is relatively less," said Mr Jindal. ■

Glimpses from Day 1



Top 10 risks in India

Figures represent how often a risk was selected as a percentage of all responses for that country
Respondents: 67. Figures don't add up to 100% as up to three risks could be selected

| Rank | | Percent | 2021 rank | Trend |
|------|--|---------|-----------|-------|
| 1 | Cyber incidents (e.g. cyber crime, IT failure/outage, data breaches, fines and penalties) | 51% | 1 (56%) | → |
| 2 | Pandemic outbreak (e.g. health and workforce issues, restrictions on movement) | 39% | 3 (38%) | ↑ |
| 3 | Business interruption (incl. supply chain disruption) | 33% | 2 (39%) | ↓ |
| 4 | Natural catastrophes (e.g. storm, flood, earthquake, wildfire, weather events) | 28% | 6 (17%) | ↑ |
| 5 | Climate change (e.g. physical, operational, financial and reputational risks as a result of global warming) | 22% | 4 (24%) | ↓ |
| 6 | Market developments (e.g. volatility, intensified competition/new entrants, M&A, market stagnation, market fluctuation) | 18% | 7 (11%) | ↑ |
| 7 | Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Brexit, Euro-zone disintegration) | 15% | 5 (21%) | ↓ |
| 7 | Loss of reputation or brand value (e.g. public criticism) | 15% | 7 (11%) | → |
| 9 | Product recall, quality management, serial defects | 9% | NEW | ↑ |
| 10 | Shortage of skilled workforce | 7% | NEW | |

Source: Allianz Global Corporate & Specialty



AIR team at the 15th India Virtual Rendezvous 2022 virtual event (L-R)

CEO: Sheela Suppiah
Editorial Team: Paul McNamara, Jimmy John, Anoop Khanna, Ahmad Zaki, Amir Sadiq and Nadhira Mokhtar (photo not available)
Business Development Team: Koh Earm Chor, Junaid Farid Khan
www.asiainsurancereview.com