

Interview

THE NEW INDIA ASSURANCE



**Shri G Srinivasan, CMD,
The New India Assurance**

The insurance landscape in India has undergone a vast change over the past decade or so. What are your thoughts on this?

I would agree that the industry has changed significantly in the last decade. More number of players has come in and there has been considerable growth in the number of offices, agents and brokers leading to more than doubling of the premium. Irrespective of the growth levels in GDP, the non-life business has been rather insulated and has been growing close to 20 per cent annually. One feature that would stand apart is the gradual replacement of traditional lines Fire & marine by health and motor, which consists of almost 70 per cent of the business.

Product innovation claims management i.e. timely and efficient management of claims to prevent delays which can increase the claims cost, profitable growth by expanding product range, developing innovative products and expanding distribution channels, regulatory trends; all these factors have contributed in a big way. The large propagations of Government schemes to segments of population have seen a rising trend.

Do you think the Indian consumer understands the true nature of insurance?

Though there has been growth in distribution channels and more customer touch points, lack of awareness and

Insuring The Future

New India Assurance, the undisputed market leader for over 40 years, is now aiming to have a presence in the B2B and online segments. It is looking to expand through a low cost model and also vying to increase its presence in foreign countries says **G Srinivasan, CMD, New India Assurance**

understanding of products still remains a challenge. This could be a contributor to the perceived low penetration levels, which is about 0.80 per cent of the GDP now.

The Regulator, the industry organisation like General Insurance council, the Government and the insurers have become quite alive to the fact and ways are on to address it in a comprehensive manner. While in life, the lack of awareness has led to mis-selling, in non-life sector, it has been a major reason for low penetration and low insured values. Spreading awareness on insurance and increasing penetration of insurance in India are vital for the country.

Are you happy with the regulatory framework for insurance in India?

The Regulatory regime, overall, has kept pace with the times. They are aligned with the common tenets of regulation of financial services in India and abroad. In the life insurance industry there has been substantial regulatory intervention, and in non-life, the regulations have been quite transformative in the distribution space.

The Regulator has made it quite clear that the policy holder's interest would be paramount and with this in mind, there have been developments in grievance management, corporate governance and more transparency in policies, conditions and clauses. Health insurance is a case in point.

The regulatory framework has now ensured that the interest of the policyholders is not prejudiced. The regulator has repeatedly urged the insurance companies to innovate in producing simple, standardised, reasonably priced and easily comprehensible products. The whole frame work is dynamic and evolving.

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There has been a lot of talk about mis-selling of insurance, especially when bundled as an investment vehicle. Do you think that this is impacting the spread and proliferation of the true product that Insurance is supposed to be?

The mis-selling has been mostly afflicting the Life Insurance industry than non-life business. In non-life, there are no saving instruments and still, a huge chunk of the policies are taken due to some compulsion. Health insurance has been an exception to this, where the rising costs of medical care and the need for better healthy living had driven the business. There have been some issues of inadequate understanding of the processes involved. This is being attended to by large levels of standardisation of Health insurance terms.

Even as insurance companies adapt to significant regulatory changes, insurers in India will need to evaluate their product suite and distribution strategy. What are the steps that you are taking to improve on these two fronts?

The corporate vision of New India Assurance is succinctly captured in our tagline- 'Leadership & Beyond'. Our business strategies are wrapped around this vision and our product range and distribution lines are important features of this. We have a bouquet of almost 160 products in our stable. We also have proven abilities to provide customised solutions to special contingencies. We have gone about augmenting our interfaces with motor vehicle dealers and OEMs, brokers and corporate agents, recruiting more, opening more offices in Tier III and IV towns in micro office mode and micro insurance. We have set up a whole vertical to handle Alternate Business Channels, which is essentially riding on our IT platform to provide IT enabled services and interfaces. Our E-products have driven the portals for customers, agents, brokers, Common Service Centres, industry associations and professional institutes. This enables us to reach out to even those areas where it is difficult to make a physical presence. We have been creating and marketing new products and add-ons to our existing ones. Our new Health Insurance policy is the most sold product in its category.

Private insurers haven't really been able to set up a strong base despite having given a level playing field vis-à-vis the government insurers. What do you think is ailing their growth and spread?

Public sector general insurers are very strong in the Indian market due to their financial strength, talented work force, physical infrastructure and customer trust and confidence. These reasons are responsible for the strength of public sector insurers and consequently the inability of private sector insurers to dominate the market.

What are the biggest triggers that will help spread of insurance in the country?

The biggest triggers which will help the spread of insurance in the country are highest penetration in the retail market through agent distribution channel and opening of micro offices. To adopt technology of global standards and reach out even to those areas where it is difficult to make the physical presence. More transparency, better market conduct and a quick grievance redressal system are required to wind faith and confidence of the people. Insurance products should be made more appropriate, attractive, accessible, available and affordable so that every citizen of India can make the best use of it. Creating trust in the insuring public through more customer awareness is essential.

What is your view on the current economic scenario?

I have always felt that the Indian economy has more strengths and potential than many other emerging markets. Our large agriculture sector, the demographic dividend, a strong financial services system, and the IT capabilities would ensure that we will see through bad times and emerge stronger. More investments in infrastructure, power & energy and export industries would drive the economy.

How has the economic slowdown impacted your business so far and how do you see the future panning out?

General Insurance industry in India receives its input from increasing disposable incomes, large infrastructure projects, active SME/MSME entrepreneurship, Government spending in mass insurance schemes, automobile industry and increased financial inclusion. A mixture of all these have kept the industry growing at 20 per cent in the past many years. However, 2013-14 saw a downturn as the growth slipped to 14- 15 per cent. The industry is confident that this would be soon left behind and would return to higher levels.

Where do you see your company over the next five years?

New India Assurance has put in place a comprehensive business strategy to lead the market. We have been the undisputed market leaders for over 40 years. As we move on, we intend to have a significant presence in the B2B market and also the online business. Our offices, almost 2000 today, would expand considerably through the low cost model and through a forceful presence in the distribution channels we would also create force multipliers. We are also confident that we would be able to increase our presence in foreign countries and our overseas business would contribute considerably to our top and bottomline.