15 AUGUST, 2023

General Insurance Council

Together We Serve

ISSUE 7

GI COUNCIL NEWSLETTER

CHAIRMAN'S MESSAGE

We are thrilled to present to you the Anniversary Edition of our Non-Life Insurance Newsletter! The online version of bimonthly Newsletter was launched on 15th August 2022, the 75th Anniversary of country's independence. It's been an incredible journey of knowledge sharing, insights, and industry updates, and we are delighted to commemorate this special occasion with you.

In this special edition, you will find insightful articles on digital solutions, climate issues, inclusive coverage, evolution of insurance operations, a talk with Secretary General, and many more exciting news and developments in the non-life industry that highlight the groundbreaking initiatives propelling the non-life insurance landscape forward. As we reflect on our journey so far, we extend our heartfelt gratitude to all our readers and partners for their unwavering support.

Wishing you all a very Happy Independence Day

Tapan Singhel MD & CEO
Bajaj Allianz General Insurance Company Ltd.
Chairman, GI Council

GI COUNCIL NEWSLETTER

EDITOR'S CONNECT

The first edition of our online newsletter was launched on 15th August last year on the occasion of the 'Aazadi ka Amrit Mahotsav'. It was a new initiative for developing awareness and further improving the penetration of the insurance sector. We are happy that the newsletter has received an excellent response in the last one year from the readers. I thank all our members for providing inputs and valuable feedback for constantly improving the content quality and the reach of our newsletter.
It has been our endeavor to cover topics of common interest related to non-life insurance and convey in a simple language for the benefit of the common people. In this edition also, we have included original articles and views from our members on a wide range of current topics. We hope you will like the content and will appreciate to have your constructive suggestions. It is your support and feedback which makes the newsletter relevant.

Wish all the readers Happy Independence Day!!!

Inderjeet Singh
Secretary General
General Insurance Council

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INSURANCE IN NEWS

THE PREMIUM SCORE BOARD – JUNE 2023

The premium growth at the end of July 2023 is 16.5% driven by health and motor segments. The high-growth segments continue to be Engineering, Motor, and Health. The Stand-Alone Health Insurance (SAHI) companies continue to improve the growth rate in health segment. The growth percentage in fire and marine and liability has dipped with marine cargo and liability segments registering negative growth rate. The total premium of the non-life industry upto July month this year stands at Rs 90766 crores, as opposed to the previous year's total up to the month of Rs 77888 crores.

GROSS DIRECT PREMIUM INCOME UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) : FOR THE PERIOD UPTO July 2023 (PROVISIONAL & UNAUDITED) IN FY 2023-24 (Rs. In Crs.)

	Fire	Marine Total	Marine Cargo	Marine Hull	Engineering	Motor Total	Motor OD	Motor TP	Health	Aviation	Liability	P.A.	All Other Misc (Crop	Grand Total	Growth %	Market %	Accretion
General Insurers																	
Acko General Insurance Ltd	-	-	-	-	-	212.13	77.32	134.81	303.57	-	34.61	2.86	16.16	569.33	31.7%	0.63%	137.18
Previous Year	-	-	-	-	-	175.64	53.85	121.78	225.53	-	21.86	1.79	7.34	432.15			
Bajaj Allianz General Insurance Co	1,051.83	135.53	124.15	11.38	163.73	1,807.09	850.29	956.80	3,615.35	6.74	306.85	86.11	377.74	7,550.97	34.9%	8.32%	1,955.45
Previous Year	926.01	129.69	106.26	23.43	111.12	1,471.66	642.76	828.90	1,045.06	5.49	251.89	68.66	1,585.94	5,595.52			
Cholamandalam MS General Insura	283.53	54.44	50.32	4.12	15.53	1,484.93	632.76	852.16	245.95	-	8.46	121.34	102.31	2,316.48	30.2%	2.55%	537.70
Previous Year	247.24	46.19	43.45	2.75	9.49	1,152.72	453.57	699.15	188.04	-	8.92	101.78	24.39	1,778.78			
Zuno General Insurance Co Ltd	17.34	0.33	0.33	-	1.55	88.30	50.31	38.00	75.73	-	0.02	14.50	0.24	198.02	18.0%	0.22%	30.19
Previous Year	9.28	0.76	0.76	-	2.37	101.13	39.00	62.12	43.85	-	0.05	9.59	0.81	167.83			
Future Generali India Insurance Co	246.23	41.18	41.18	-	29.40	654.87	288.98	365.89	393.03	-0.01	24.08	49.49	149.68	1,587.95	32.6%	1.75%	390.13
Previous Year	222.16	39.53	39.50	0.03	26.19	536.61	250.69	285.92	212.13	0.30	23.09	25.55	112.26	1,197.82			
Go Digit General Insurance Ltd	240.91	24.49	23.70	0.79	28.37	1,637.44	552.79	1,084.66	503.23	-	42.61	101.70	54.46	2,633.22	32.8%	2.90%	649.98
Previous Year	175.86	24.08	24.08	-	16.81	1,025.11	332.29	692.83	221.46	-	456.93	47.05	15.93	1,983.24			
HDFC Ergo General Insurance Co Ltd	835.37	94.77	83.83	10.94	99.78	1,245.73	577.40	668.33	1,697.47	6.48	276.52	248.08	127.97	4,632.17	9.4%	5.10%	398.33
Previous Year	786.20	94.96	84.80	10.15	73.57	1,213.82	542.14	671.68	1,499.27	6.00	211.06	250.45	98.52	4,233.84			
ICICI Lombard General Insurance Co	1,551.75	326.27	299.37	26.90	361.32	2,560.82	1,256.06	1,304.77	2,347.45	66.46	341.52	258.59	961.80	8,775.99	19.7%	9.67%	1,445.71
Previous Year	1,426.26	311.99	289.41	22.58	217.63	2,402.18	1,150.54	1,251.64	1,740.17	55.51	328.74	194.84	652.96	7,330.28			
IFFCO-Tokio General Insurance Co	476.12	104.26	96.38	7.89	71.43	1,449.24	754.29	694.95	697.24	-	104.37	45.93	382.34	3,330.94	17.5%	3.67%	496.80
Previous Year	438.44	105.03	100.87	4.16	55.12	1,018.66	484.14	534.52	651.56	-	76.52	45.13	443.68	2,834.14			
Kotak Mahindra General Insurance	29.30	2.85	2.85	-	3.76	187.53	104.68	82.86	175.11	-	0.46	19.75	13.04	431.81	40.2%	0.48%	123.76
Previous Year	25.40	5.60	5.60	-	2.39	140.93	73.00	67.93	106.46	-	0.26	16.41	10.60	308.05			
Kshema General insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.00%	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Liberty General Insurance Co. Ltd	48.10	17.60	17.60	-	19.92	470.25	278.22	192.03	149.73	-	6.78	9.76	28.33	750.47	22.5%	0.83%	137.89
Previous Year	45.44	16.40	16.40	-	11.95	359.19	195.24	163.95	134.42	-	7.09	9.64	28.45	612.58			
Magma HDI General Insurance Co L	137.66	11.72	11.72	-	4.82	486.68	134.93	351.75	170.61	-	22.71	4.35	0.09	838.64	10.0%	0.92%	76.19
Previous Year	118.03	11.39	11.39	-	1.72	552.40	196.75	355.65	61.78	-	14.36	2.47	0.30	762.45			
National Insurance Co Ltd	522.59	64.94	44.92	20.01	129.23	1,656.36	567.41	1,088.95	1,868.06	17.39	63.11	170.50	199.98	4,692.15	1.7%	5.17%	77.12
Previous Year	525.24	78.49	50.41	28.07	105.89	1,330.67	427.07	903.60	2,052.44	18.63	59.37	279.91	164.40	4,615.03			
Navi General Insurance Co. Ltd	-0.45	-	-	-	-	1.81	0.28	1.52	19.12	-	-	-0.04	-	20.43	-26.0%	0.02%	-7.18
Previous Year	0.90	-	-	-	-	11.73	1.45	10.28	14.70	-	-	0.28	-	27.61			
Raheja QBE General Insurance Co L	2.18	-	-	-	0.66	19.54	4.87	14.67	4.38	-	24.16	0.11	0.07	51.10	-67.4%	0.06%	-105.64
Previous Year	9.36	-	-	-	0.82	118.33	85.88	32.45	3.98	-	23.92	0.17	0.16	156.74			
Reliance General Insurance Co Ltd	643.09	56.13	55.21	0.92	134.91	1,141.59	460.73	680.86	772.02	14.47	30.58	74.21	877.41	3,744.41	14.9%	4.13%	485.74
Previous Year	585.13	58.67	56.99	1.68	91.17	999.18	461.14	538.04	575.23	17.82	28.31	61.96	841.20	3,258.67			
Royal Sundaram General Insurance	148.50	22.10	22.10	-	21.53	720.48	324.29	396.19	174.58	-	4.92	17.21	3.28	1,112.60	9.1%	1.23%	92.35
Previous Year	157.09	20.76	20.76	-	22.77	626.23	276.83	349.39	167.61	-	4.44	17.40	3.96	1,020.25			
SBI General Insurance Co Ltd	632.88	32.03	32.03	-	44.95	629.15	312.67	316.48	763.03	-	53.54	304.05	607.94	3,067.57	26.2%	3.38%	636.33
Previous Year	563.41	34.25	34.25	-	25.08	795.51	365.77	429.73	577.85	0.03	22.52	251.64	160.96	2,431.24			
Shriram General Insurance Co Ltd	30.04	0.93	0.93	-	6.02	710.07	157.68	552.39	0.98	-	2.07	37.73	4.84	792.68	33.9%	0.87%	200.88
Previous Year	23.19	0.72	0.72	-	4.69	547.47	108.28	439.18	0.39	-	1.83	9.00	4.52	591.80			
Tata AIG General Insurance Co Ltd	998.66	240.52	240.52	-	103.94	2,366.91	1,004.04	1,362.87	952.14	59.61	221.07	70.99	130.88	5,144.72	26.4%	5.67%	1,075.67
Previous Year	845.93	223.39	223.39	-	54.51	1,693.10	771.52	921.58	728.39	35.00	188.64	171.79	128.30	4,069.05			
The New India Assurance Co Ltd	1,719.87	360.70	161.63	199.07	375.86	2,891.83	1,139.87	1,751.96	7,158.37	157.00	192.98	259.64	515.96	13,632.21	8.7%	15.02%	1,092.69
Previous Year	1,750.30	345.87	187.38	158.49	320.73	2,458.21	839.47	1,618.74	6,551.44	100.95	210.84	295.43	505.75	12,539.52			
The Oriental Insurance Co Ltd	723.06	182.80	86.07	96.73	159.59	1,119.14	337.52	781.61	2,803.89	33.68	49.52	494.45	645.32	6,211.44	14.8%	6.84%	799.58
Previous Year	772.24	189.60	99.98	89.63	118.31	938.73	247.78	690.95	2,893.27	43.59	57.48	224.05	174.58	5,411.86			
United India Insurance Co Ltd	969.83	149.69	68.85	80.84	154.70	1,891.94	551.59	1,340.35	2,863.02	17.48	113.80	101.18	384.68	6,646.32	8.8%	7.32%	536.63
Previous Year	910.83	176.69	77.26	99.43	141.03	1,588.22	432.77	1,155.45	2,853.01	33.64	118.65	115.56	172.06	6,109.69			
Universal Sompo General Insurance	129.09	18.77	11.38	7.39	4.29	658.23	287.32	370.91	208.69	-	10.78	59.43	229.07	1,318.35	25.3%	1.45%	265.88
Previous Year	116.81	13.67	7.38	6.29	3.57	627.10	340.96	286.14	108.78	-	9.32	53.81	119.41	1,052.47			
General Insurers Sub Total	11,437.48	1,942.05	1,475.07	466.98	1,935.29	26,092.06	10,706.30	15,385.77	27,962.75	379.30	1,935.52	2,551.92	5,813.59	80,049.97	16.8%	88.19%	11,529.36
Previous Year Sub Total	10,680.75	1,927.73	1,481.04	446.69	1,416.93	21,884.53	8,772.89	13,111.60	22,656.82	316.96	2,126.09	2,254.36	5,256.48	68,520.61			
% Growth	7.08%	0.74%	-0.40%	4.54%	36.58%	19.23%	22.04%	17.34%	23.42%	19.67%	-8.96%	13.20%	10.60%	16.83%			
Health Insurers																	
Niva bupa health insurance compa	-	-	-	-	-	-	-	-	1,523.76	-	-	24.19	-	1,547.95	40.9%	1.71%	449.41
Previous Year	-	-	-	-	-	-	-	-	1,076.02	-	-	22.52	-	1,098.54			
Aditya Birla Health Insurance Co Ltd	-	-	-	-	-	-	-	-	968.22	-	-	61.87	-	1,030.09	21.6%	1.13%	182.81
Previous Year	-	-	-	-	-	-	-	-	793.08	-	-	54.20	-	847.28			
Care Health Insurance Ltd	-	-	-	-	-	-	-	-	1,951.55	-	-	77.70	-	2,029.25	33.5%	2.24%	509.51
Previous Year	-	-	-	-	-	-	-	-	1,403.33	-	-	116.41	-	1,519.74			
ManipalCigna Health Insurance Co	-	-	-	-	-	-	-	-	482.36	-	-	10.97	-	493.33	26.5%	0.54%	103.34
Previous Year	-	-	-	-	-	-	-	-	382.84	-	-	7.15	-	389.99			
Star Health & Allied Insurance Co Lt	-	-	-	-	-	-	-	-	4,165.53	-	-	56.11	-	4,221.64	18.8%	4.65%	667.47
Previous Year	-	-	-	-	-	-	-	-	3,503.58	-	-	50.59	-	3,554.17			
Health Insurers sub Total	-	-	-	-	-	-	-	-	9,091.42	-	-	230.84	-	9,322.26	25.8%	10.27%	1,912.54
Previous Year Sub Total	-	-	-	-	-	-	-	-	7,158.85	-	-	250.87	-	7,409.72			
% Growth	-	-	-	-	-	-	-	-	27.0%	-	-	-8.0%	-	25.8%			
Specialised Insurers																	
Agriculture Insurance Co Of India Lt	-	-	-	-	-	-	-	-	-	-	-	-	1,040.74	1,040.74	-35.2%	1.15%	-566.38
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-	1,607.12	1,607.12			
ECGC Ltd	-	-	-	-	-	-	-	-	-	-	-	-	352.62	352.62	1.8%	0.39%	6.18
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-	346.44	346.44			
Specialised sub Total	-	-	-	-	-	-	-	-	-	-	-	-	1,393.36	1,393.36	-28.7%	1.54%	-560.20
Previous Year Sub Total	-	-	-	-	-	-	-	-	-	-	-	-	1,953.56	1,953.56			
% Growth	-	-	-	-	-	-	-	-		-	-		-28.7%	-28.7%			
Industry Total	11,437.48	1,942.05	1,475.07	466.98	1,935.29	26,092.06	10,706.30	15,385.77	37,054.17	379.30	1,935.52	2,782.76	7,206.95	90,765.59	16.5%	100.00%	12,881.70
Previous Year Sub Total	10,680.75	1,927.73	1,481.04	446.69	1,416.93	21,884.53	8,772.89	13,111.60	29,815.67	316.96	2,126.09	2,505.23	7,210.04	77,883.89			
% Growth	7.1%	0.7%	-0.4%	4.5%	36.6%	19.2%	22.0%	17.3%	24.3%	19.7%	-9.0%	11.1%	0.0%	16.5%			
% Market Share	12.60%	2.14%	1.63%	0.51%	2.13%	28.75%	11.80%	16.95%	40.82%	0.42%	2.13%	3.07%	7.94%	100.00%			
Previous Year Market Share	13.71%	2.48%	1.90%	0.57%	1.82%	28.10%	11.26%	16.83%	38.28%	0.41%	2.73%	3.22%	9.26%	100.00%			

INSURANCE IN NEWS

FIRST OF ITS KIND GENERAL INSURANCE FESTIVAL ORGANISED IN INDIA

Pune (Maharashtra) [India], July 5: Bajaj Allianz General Insurance, one of the leading private general insurers of India, hosted the first-ever General Insurance Festival of India (GIFI) on the 3rd of July 2023 in Pune which officially set a new Guinness World Records achievement for the Largest attendance for an insurance conference. There was a record turnout of 5235 attendees who contributed to creating history worldwide in the insurance industry. This record-breaking achievement was announced at the main event of GIFI.

The Company had earlier announced the GIFI Awards where they invited nominations which recognized the top-ranked health and general insurance advisors across the insurance industry. Subsequently, advisors submitted their nominations for the GIFI Awards resulting in an overwhelming response of more than 2000 entries across the five announced categories. Basis a stringent assessment process conducted by an independent process reviewer and a third-party panel of judges, the company announced and honoured winners and runners-up for each category at the General Insurance Festival of India.

The event was graced by Sanjiv Bajaj, Chairman and Managing Director, Bajaj Finserv; with other eminent industry representatives like Charu Kaushal - CEO, Allianz Partners India; Matthew Stalgis - APAC Regional Leader - Broker & Client Relations, International Health; Dr. Arokiaswamy Velumani, Founder, Chairman and MD of Thyrocare Technologies Ltd.; Ganesh Mohan, CEO, Bajaj Finserv Asset Management Ltd.; Vijendra Katiyar, Country Head-Trend Micro India & SAARC; Vishal Gondal- Influencer, Founder & CEO at GOQii; Nisha

FIRST OF ITS KIND GENERAL INSURANCE FESTIVAL ORGANISED IN INDIA (CONTINUED)

Narayanan - COO & Director, RED FM & Magic FM; Steve Watkins-CEO Greater South East Asia; Lieutenant General Satish Dua - PVSM, UYSM, SM, VSM; and Devang Mody, CEO - Bajaj Finserv Health amongst others.
The following were the winners and the runners-up of the GIFI awards for each of the categories.

- Best Health Insurance Advisor in India - Winner Mayank Chander Kothari from Ahmedabad; Runner-Up Shakeel Ahmed from Mumbai
- Best Motor Insurance Advisor in India-Winner Shiv Kumar Gupta from Varanasi; Runner-Up Gaurav Sharma from Delhi
- Best Property Insurance Advisor in India - Winner Priyadarshini Sheshadri from Bengaluru; Runner-Up Bipin Kumar Patel from Mehsana
- Best Multiline Insurance Advisor in India - Winner Prashant Shah from Mumbai; Runner-Up Charu Bharti from Delhi
- Best Woman Insurance Advisor in India-Winner Priti Sameer Shah from Mumbai; Runner-Up Karishma Chhabra from Delhi

Speaking on the occasion, Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance, said, "Insurance brings immense positive impact to society but does not get its due recognition.

Festivals open the window to come together for discussions and we felt that a festival like GIFI would open a forum to deliberate on important topics like what more the industry can do to take insurance to the last mile, bring more people under insurance protection and showcase what is new in the insurance space. With this in mind, we took the initiative and launched GIFI.

Here we had industry experts come and talk about insurance products, services, and a range of topics. We are elated that with GIFI, we set a new Guinness World Records Title for the Largest Attendance for an Insurance Conference. BAGIC has been setting benchmarks not only in India but across the globe, and we will continue this journey of introducing industry-first initiatives while making a difference in society.

GIFI started with the idea of creating a platform that brings together the best in the general insurance industry and celebrates the industry's contribution towards society's well-being. The inaugural edition of GIFI was a spectacular success; right from the onset, GIFI received an overwhelming response. The energy and enthusiasm of the speakers, performing artists, audiences and winners were outstanding. We are sure this is just the start; GIFI will only get bigger with time. Let us come together as an industry to continue to add value to the lives of people and create a lasting impact in society and our country."

INSURANCE IN NEWS

THE SECRETARY GENERAL OF GI COUNCIL SHARES HIS VIEWS ON ISSUES FACING NON-LIFE INDUSTRY

Q. It has been three months since you took charge of the General Insurance Council as Secretary-General. What are your views on the challenges facing the non-life industry in India, and what is being done to address these issues? What, according to you, should be the council's priority?

Low insurance penetration and inadequate awareness, especially in rural areas and unorganized sectors, are the main challenges. The mission "Insurance for All by 2047" calls for not only **awareness** but **availability** and **affordability** also of insurance products to cover all citizens of India adequately. Leveraging the widespread use of mobile phones, awareness campaigns can promote policies to the masses. Member companies are developing long-term plans to extend insurance coverage to rural sections, including tailored products. With low-cost, easily understandable online and offline policies, insurance penetration is likely to increase. The council's priority is to enhance the credibility and trustworthiness of the non-life insurance industry through effective regulation, promoting best practices, and ensuring consumer protection. Furthermore, the council aims to foster innovation and digitalization to improve customer experience and drive industry growth.

Q. With you as the new Secretary-General and Mr. Tapan Singhel as Chairman of the council, the council is now seen as a strong voice for non-life insurance, and the level of activities has increased manifold. How do you envision the role of the council as an effective Self-Regulatory Organization (SRO) going forward, and what are the main challenges the council needs to address in the short term and long term?

The General Insurance Council plays a crucial role as an effective Self-Regulatory Organization (SRO) for the non-life insurance sector. Moving forward, we aim to strengthen this role by proactively engaging with stakeholders, advocating for industry interests, and addressing emerging challenges. In the short term, the council needs to focus on promoting insurance awareness, enhancing customer education, and streamlining claims settlement processes. In the long term, we must adapt to evolving market dynamics, leverage technology for efficient operations, and promote sustainable growth.

Q. What new projects are being undertaken by the council?

The General Insurance Council is actively involved in various new projects to enhance the non-life insurance industry in India. These initiatives include promoting digitalization, improving customer experience, strengthening risk management practices, and fostering industry collaboration. The council is also working on developing industry standards, guidelines, and

INSURANCE IN NEWS

THE SECRETARY GENERAL OF GI COUNCIL SHARES HIS VIEWS ON ISSUES FACING NON-LIFE INDUSTRY (CONTINUED)

codes of conduct for uniformity and consistency. Specifically, the council is engaged in projects such as bringing all hospitals into cashless stream and standardized rates, Collaboration with NHA for developing products for missing middle and senior citizens, Pan-India Awareness Campaign, Reinsurance accounting platform, Jan Suraksha Automation, and regulator-led initiatives like Bima Sugam, Bima Vahak, and Bima Vistar.

Q. The recent floods in northern India once again exposed the lack of coverage and vulnerability against natural calamities. What is the industry's view on promoting parametric insurance in light of natural calamities and the large protection gap in rural areas?
The industry views parametric insurance as a promising solution to address the protection gap in rural areas and mitigate the impact of natural calamities. Parametric insurance offers swift and transparent claim settlements based on predefined triggers, eliminating the need for complex assessments. The council supports the promotion of parametric insurance and encourages insurers to develop innovative products and solutions tailored to the specific needs of rural areas.

Q. As an industry representative body, what are the main asks from the regulator and the government to make non-life underwriting profitable?
The General Insurance Council, as an industry representative body, seeks support from the regulator and the government to enhance the profitability of non-life underwriting. Key requests include regulatory reforms that enable risk-based pricing, effective risk management frameworks, reduced compliance burdens, and a conducive business environment. Additionally, the council seeks collaboration with the government to address challenges related to fraud and claim settlement processes.

Q. Health and Motor insurance cover about 70% of the non-life market in India. Is the Indian market overly focused on bulk premiums from these two segments, potentially leading to less interest, a talent deficit, and indiscipline in underwriting other lines of business?
While Health and Motor insurance currently dominate the non-life insurance market in India due to their large customer base and mandatory nature, the industry recognizes the need for diversification. The council encourages insurers to explore and develop niche markets, innovative products, and underwriting expertise in other lines of business (LOBs) to ensure a balanced portfolio and sustainable industry growth.

Q.Shouldn't the industry enforce line-of-business-wise profitability to ensure each segment stands on its own, and underwriting doesn't cross subsidize other lines of business?
Implementing line-of-business-wise profitability is a viable approach to ensure self-sufficiency within each segment and prevent cross-subsidization. This approach would enhance risk management practices, encourage profitability in each line of business, and provide a clearer

INSURANCE IN NEWS

THE SECRETARY GENERAL OF GI COUNCIL SHARES HIS VIEWS ON ISSUES FACING NON-LIFE INDUSTRY (CONTINUED)

assessment of insurers' financial strength in different segments.

Q. The council is a member of UNEP PSI (Principles for Sustainable Insurance), a financial initiative of the UN. What can the council do to promote sustainability in insurance among industry members?
As a member of UNEP PSI, the General Insurance Council actively promotes sustainability within the insurance industry. The council encourages its members to adopt sustainable practices, incorporate environmental, social, and governance (ESG) considerations into their operations, and support.

Q. Finally, with the intensive activities the council is involved in, does it leave any room for you to pursue your hobbies and other interests?
While the council's activities demand significant attention, I believe in maintaining a balance between professional responsibilities and personal interests. Finding time for hobbies and other pursuits is important for overall well-being and effectiveness in my role and so I take out time to pursue my interests.

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INSURANCE IN NEWS

SEVERE THUNDERSTORMS ACCOUNT FOR UP TO 70% OF ALL INSURED NAT CAT LOSSES (CONTINUED)

- Global insured losses from natural catastrophes at USD 50 billion (H1 2022: 48), second highest since 2011
- US thunderstorms main driver of global insured losses from natural catastrophes, well above ten-year average
- February earthquake in Turkey and Syria single costliest disaster both in terms of economic and insured losses

Zurich, 9 August 2023 – A series of widespread thunderstorms (severe convective storms) hit the US and account for 68% of global insured natural catastrophe losses in the first half of 2023, highlighting the increasing loss impacts of secondary perils.

Martin Bertogg, Head of Catastrophe Perils at Swiss Re, said: "With severe thunderstorms as the main driver for above-average insured losses in the first half of 2023, this secondary peril becomes one of the dominant global drivers of insured losses. The above-average losses reaffirm a 5 – 7% annual growth trend in insured losses, driven by a warming climate but even more so, by rapidly growing economic values in urbanized settings, globally. The cyclone and flood events in New Zealand in the first quarter of 2023 are testimonies of the risk to today's large urban centres, continuing patterns observed in 2021 in the Germany flooding, and in 2022 in Australia and South Africa."

Severe convective storms – storms associated with thunder, lightning, heavy rain, hail, strong winds and sudden temperature changes – caused USD 35 billion (nearly 70%) in insured losses worldwide in the first half of 2023. This means that insured losses are almost twice as high in a six-month period as the annual average of the last ten years (USD 18.4 billion).

In the US, a series of severe thunderstorms prompted insured losses of USD 34 billion in the first half of 2023, the highest ever insured losses in a six-month period. Ten events caused losses of USD 1 billion and above each, compared to an annual average of six events for the previous ten years. The most affected state was Texas.

New Zealand was hit by two severe weather events just two weeks apart in early 2023, highlighting the growing risk of weather-related perils hitting large urban centres. In particular, the North Island of New Zealand was hit in quick succession in the first quarter with severe flooding in Auckland, the country's largest city, and the remnants of Cyclone Gabrielle. Both became the two costliest weather-related insured loss events in New Zealand since 1970, with combined insured losses estimated to be USD 2.3 billion.

The effects of climate change are evident in increasingly extreme weather events. Jérôme Jean Haegeli, Swiss Re's Group Chief Economist, said: "The effects of climate change can already be seen in certain perils like heatwaves, droughts, floods and extreme precipitation. Besides the impact of climate change, land use planning in more exposed coastal and riverine areas, and urban sprawl into the wilderness, generate a hard-to-revert combination of high value exposure in higher risk environments. Protective measures need to be taken for insurance products to remain economical for such properties at high risk. It is high time to invest in more climate adaption."

Heavy rainfalls in northern Italy's Emilia-Romagna region in mid-May led to extensive flooding and expected insured losses over USD 0.6 billion, the costliest weather-related

INSURANCE IN NEWS

SEVERE THUNDERSTORMS ACCOUNT FOR UP TO 70% OF ALL INSURED NAT CAT LOSSES (CONTINUED)

event in the country since 1970. Estimated economic losses were USD 10 billion. With 94% of losses being uninsured in Italy, the important role of insurance as a means to close the protection gap and help households strengthen their financial resilience against natural catastrophes becomes obvious. Northern Italy has experienced drought conditions over the last two years. With the heavy precipitation, the ground rapidly became saturated, leading to increased run-off and flooding. The overall trend shows a significant increase in drought in southern Europe. However, changes in seasonality may lead to less frequent but more intense heavy rain events.

Since early July, the US, north-western China and southern Europe have become heatwave hotspots this year. In southern Europe, dry weather conditions and strong winds aggravated wildfires (most likely induced by human activity) on many Greek islands, as well as in Italy and Algeria, although it is still too early to estimate the damages regarding both the economic and insured losses.

Earthquakes still cause some of the most severe humanitarian and financial consequences. The single costliest disaster both in terms of economic and insured losses was the earthquake in Turkey and Syria causing material damage and affecting the livelihood of millions of people across the region. According to Swiss Re, insured losses are estimated at USD 5.3 billion, whereas the preliminary economic losses are at USD 34 billion, estimates the World Bank.

In the first half of 2023, the overall economic losses from natural catastrophes amounted to USD 120 billion, compared to USD 123 billion the prior-year period, 46% above the ten-year average.

Total economic and insured losses in H1 2023 and H1 2022
(USD billion in 2023 prices)

	H1 2023	H1 2022	H1 previous 10-y avg	% change vs 10-y avg
Economic losses	**125**	**129**	**89**	**41%**
Natural catastrophes	120	123	82	46%
Man-made catastrophes	5	6	7	–23%
Insured losses	**54**	**52**	**38**	**42%**
Natural catastrophes	50	48	32	54%
Man-made catastrophes	4	5	6	–28%

Note: H1 10-yr average refers to the average first-half losses between 2013 and 2022. Preliminary and, due to rounding, some totals may not correspond with the sum of the separate figures. Source: Swiss Re Institute.

INSURANCE IN NEWS

UNVEILING THE ENIGMA: THE EVOLUTION OF OPERATIONS IN INSURANCE

Mr.K V Dipu - Senior President & Head - Operations & Customer Service, Bajaj Allianz General Insurance Co. Ltd.

Imagine a time when insurance policies were written on clay tablets and stored in dusty archives. The insurance industry has come a long way since those ancient days. Today, we embark on a thrilling journey through time, exploring the fascinating evolution of operations as a function in insurance. From archaic practices to cutting-edge technologies, the tale of insurance operations is nothing short of captivating. Like a symphony that unfolds over time, the insurance industry's operational functions have continuously adapted and innovated to harmonise with the changing needs of customers and the dynamic landscape of risk. Join us on this melodious journey as we explore the captivating evolution of operations in the realm of insurance.

Back in the day, insurance operations was complicated. Every policy, claim, and customer detail was meticulously recorded in countless ledgers. With vast paperwork, insurance agents navigated this labyrinth with diligence and precision.

As the world advanced into the digital age, the insurance industry embraced technology with open arms. Computers revolutionised the landscape, replacing dusty ledgers with sleek electronic databases. Insurance operations became faster, more efficient, and much more accessible. In the vast world of insurance, where risk meets protection, a profound transformation has been underway - the evolution of operations.

The Technological Symphony

As technology swept across the stage, the insurance industry embraced the power of innovation. With the advent of computers and digital databases, insurance operations underwent a transformative shift. Tedious tasks were automated, reducing errors and processing times. With data becoming the new currency, insurance operations embarked on a new journey. According to a report by PwC, 72% of insurers have identified digital transformation as a critical driver of growth and efficiency.

Integrating big data and advanced analytics brought forth a wealth of insights into customer behaviour, risks, and market trends. This newfound intelligence empowered insurers to craft personalised policies and enhance underwriting accuracy. A McKinsey survey showed that companies using advanced analytics in their underwriting processes experienced a 30% reduction in loss ratio.

15 AUGUST, 2023

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ISSUE 7

GI COUNCIL NEWSLETTER

INSURANCE IN NEWS

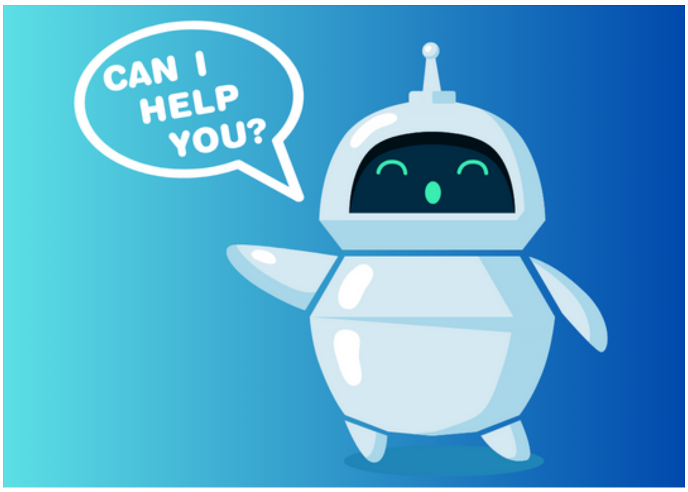
UNVEILING THE ENIGMA: THE EVOLUTION OF OPERATIONS IN INSURANCE (CONTINUED)

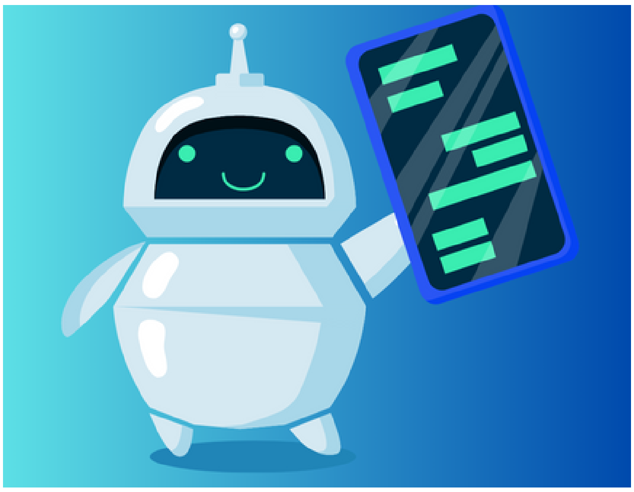
Robotic Process Automation (RPA) has emerged as a transformative technology in the insurance sector. Automating repetitive and rule-based tasks, RPA enables insurers to streamline their operations, enhance efficiency, and improve service. Additionally, RPA facilitates seamless integration between disparate systems, enabling faster data retrieval and analysis, ultimately leading to better decision-making and risk assessment. Furthermore, by automating routine tasks, insurance professionals can focus on more strategic and value-added activities, fostering innovation and growth within the industry. As RPA continues to evolve, it is expected to play a crucial role in driving digital transformation across the insurance landscape in India, providing a competitive edge to those embracing this technology.

The audience demanded more personalised experiences and superior service. In response, insurance operations adopted a customer-centric approach. The stage was set with 24/7 customer support, mobile apps, and self-service portals. Customers took centre stage, and their voices were heard like never before. A study by EY revealed that 87% of insurers believe customer experience will be the primary differentiator by 2025.

As technology continued to evolve, a new set of performers took the spotlight - automation and artificial intelligence. Insurance operations experienced a revolution as smart machines enabled seamless claims processing, policy renewals, and even chatbot-driven customer service. According to a Deloitte survey, 76% of insurers have already implemented some form of AI in their operations, with more planning to do so in the near future.

From ancient origins to cutting-edge technologies, the evolution of operations in insurance has come full circle. Yet, as the world continues to change, the symphony of operations will remain timeless, always ready to adapt to the next act of the insurance saga. An anonymous quote says "As the enigma of insurance unravels, operations emerge as the architects of dreams, turning uncertainties into certainties." In this grand tapestry of evolution, let us remember that once an enigma, insurance operations have now become the beacon of protection and promise of a secure future for us all.





INSURANCE LAWS & POLICIES

GUIDELINES ON REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONS OF INSURERS

In a move to further enhance corporate governance within the insurance sector, the Insurance Regulatory and Development Authority of India (IRDAI) has introduced revised guidelines on the remuneration of directors and key managerial persons (KMPs) of private sector insurers. These guidelines, effective from the fiscal year 2023-24, aim to ensure responsible compensation practices, align remuneration with risk management, and uphold the interests of policyholders and stakeholders.

Background and Evolution:

The journey toward comprehensive remuneration guidelines began in 2016 when the IRDAI initially issued guidelines for the remuneration of non-executive directors and key executives of insurers. These guidelines, set forth in Circular Ref: IRDA/F&A/GDL/LSTD/155/08/2016, were in line with principles established by the Financial Stability Board (FSB), International Association of Insurance Supervisors (IAIS), G-20 Nations Forum, and Basel Committee on Banking Supervision (BCBS). Their focus was on creating a framework that prevented excessive risk-taking and promoted sound governance.
Over the ensuing six years, these guidelines played a crucial role in shaping remuneration practices in the insurance industry. Based on lessons learned from their implementation and compliance by insurers, the IRDAI recognized the need to extend their scope.

Expanding the Horizon:

One notable development is the inclusion of remuneration for Key Managerial Persons (KMPs) beyond the CEO. This expansion recognizes the impact that individuals in key roles can have on an insurer's risk profile and overall performance.
The revised guidelines also bring greater clarity to the variable pay component of remuneration. They introduce concepts such as Variable Pay Deferral, Malus, and Clawback provisions, which provide mechanisms to align incentives with long-term performance and prevent the reward of short-term risk-taking.

Guiding Principles:

These guidelines are firmly rooted in the principles of responsible corporate governance. Rather than prescribing rigid remuneration structures, they encourage insurers to adopt remuneration policies that reflect the long-term interests of the company. The ultimate goal is to ensure that compensation practices do not promote excessive risk-taking and instead support prudent risk management.
A significant focus of the guidelines is on the alignment of remuneration policies with the insurer's corporate culture, objectives, and risk appetite. The insurer's board is tasked with overseeing the implementation of a written remuneration policy that avoids conflicts of interest and promotes the interests of policyholders and stakeholders.

INSURANCE LAWS & POLICIES

GUIDELINES ON REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONS OF INSURERS (CONTINUED)

Key Objectives:

The overarching objectives of these guidelines are multi-fold. They seek to:

1. Strengthen governance of compensation practices.
2. Align remuneration with responsible risk-taking.
3. Enhance supervisory oversight and stakeholder engagement.
4. Safeguard the interests of policyholders and other stakeholders.

Furthermore, these guidelines grant the Chairperson of the Authority the power to issue clarifications as needed to ensure a clear and consistent interpretation of the provisions.

It's important to note that these guidelines do not apply to Foreign Reinsurance Branches (FRBs) operating in India. The newly introduced guidelines replace and supersede the previous guidelines issued in 2016, marking a significant step toward strengthening governance and risk management practices in the private sector insurance industry.

In conclusion, IRDAI's revamped remuneration guidelines reflect a forward-looking approach to compensation practices within the insurance sector. By aligning remuneration with long-term objectives and responsible risk management, these guidelines contribute to a more stable and customer-centric insurance industry in India.

More details at https://irdai.gov.in/web/guest/document-detail?documentId=3562210

INSURANCE LAWS & POLICIES

SECURITIZATION IN INSURANCE

Securitization in the banking industry is the process of turning an asset—especially an illiquid asset—into marketable securities. In the context of the insurance sector, securitization would imply the conversion of underwriting cash flows into tradable financial securities and the transfer of underwriting risks to the capital markets through the trading of such securities.

By moving the risk to the capital market through financial instruments or derivatives, securitization would increase an insurer's capacity for underwriting. The insurer can use securitization as an alternative to reinsurance, where the risk is transferred via the capital market to a larger group of investors who are ready to accept the risk rather than to the reinsurer. Through capital markets instruments, very high risks can be converted to several small instruments making investment affordable for all size of investors.

With the aid of investment banking, insurance companies can also set up a Special Purpose Vehicle (SPV) to speed up the securitization process. The cost of insurance will decrease because of the risk being transferred from the insurance firm to the capital market, where it is now distributed among a much greater number of investors as compared to the reinsurance. Lower cost of insurance will make insurance more affordable and help increasing the insurance penetration and density which in turn will make insurance more affordable.

Nonetheless, the securitization process needs to be carefully supervised by the insurance regulator as well as the capital market regulator due to the scenarios during the 2007–2009 crisis. In order for investors to comprehend and select the risk properly, insurance companies can publicly disclose the risk profile, rating, claim history, and other crucial details. While deciding between securitization and reinsurance, the cost of the investment as well as the return to the investors must be considered.

As there hasn't been as much work done on securitization in the insurance sector as there has been in the banking sector, insurance businesses can benefit from case studies and expertise from the banking industry before beginning a full-fledged securitization in the insurance sector.

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https://www.casact.org/sites/default/files/2021-02/pubs_dpp_dpp99_99dpp133.pdf

Image by Freepik

INSURANCE LAWS & POLICIES

THE GI COUNCIL SUPPORTS MEMBER INSURANCE COMPANIES TO REVERSE 2017 RULING

Special Leave Petitions were filed by Bajaj Allianz, Oriental Insurance Co., HDFC Ergo and others in the matter of Bajaj Allianz Vs. Rambha Devi before the Constitution Bench of the hon'ble SC. The matter came up for hearing on 18th July 2023. The basic issue involved in the SLPs is "whether a person holding a driving licence in respect of Light motor vehicle could on the strength of that licence, be entitled to drive a transport vehicle of light motor vehicle class."

Brief history of the issue is that earlier in 2017 a three Judge Bench of the SC, in the matter of Mukund Dewangan Vs. Oriental Insurance Co. Ltd., had ruled that if a driver is holding licence to drive a light motor vehicle, he can drive transport vehicle of such class (those having GVW less than 7500 Kgs) without any need for a transport vehicle licence or an endorsement to that effect.

Subsequently, when a similar matter was referred to another three Judge Bench of SC, in view of the earlier judgement in Mukund Dewangan case (which had also been decided by a three Judge Bench), in their order on 8th of March 2023, they deemed it appropriate to refer the issue to the Constitution Bench of SC for a final decision.

Mukund Dewangan Vs. Oriental Insurance Co. Ltd. judgement in 2017 had gone against the interest of the Insurance Companies as after this ruling they could not deny liability on the grounds of the driver not having transport vehicle licence in case of LMV transport vehicles. Therefore, many affected insurance companies joined in filing SLPs before the Constitution Bench. More than 75 similar cases were tied with Bajaj Allianz Vs. Rambha Devi matter when it came up for hearing before the Constitution Bench of SC on 18th July 2023.

The GI Council extended its full support and guidance to the member insurance companies in filing the SLPs as the issue involved was important and affected the entire general insurance industry. The Council decided to take Ld. Solicitor General, Mr Tushar Mehta on board as the designated Counsel for the insurers. He was given full brief on the case.

The Constitution Bench of SC heard the matter on 18th, 19th and 20th of July 2023. The senior advocates of the insurance companies made strong arguments in favour of the insurers stating that the parameters for issuance of a transport vehicle licence is much more stringent than that for LMV license. Both the eligibility age and the no of hours required for training are higher for issue of a transport vehicle license than that for LMV licence. LMV license can be obtained at 18 years while minimum age to apply for a transport vehicle licence is 20 years. Also to apply for a transport vehicle license a person must have held an LMV licence for at least one year.

Ld. Solicitor General pleaded for setting aside the 2017 judgement, which permitted licence holders of light motor vehicle (LMV) to drive transport vehicles. It was beyond logic and reason that as per this ruling even an autorickshaw driver could be considered authorized to drive a bus, a goods carriage or even a road-roller as long as its GVW did not exceed 7500 kg. Such a situation could be life threating for thousands of people.

The senior counsels representing the respondent put up counter arguments to justify the position held in Mukund Dewangan Vs.OIC Judgement. They contended that GVW has always been the basic criteria on which the licensing regime is based.

The hon'ble SC requested the Ld. Attorney General, Mr R Venkataramani to obtain opinion of the Central Government on this issue. The next date of hearing is 13th Sep 2023.

- Mr. Humayun Khan, Consultant, General Insurance Council

INSURANCE LAWS & POLICIES

GOING THE ESG WAY

Mr. Rishin, Chief Risk Officer of Universal Sompo General Insurance Company Limited

ESG, as a concept is now well known across the Globe. For Insurance Companies, going the ESG way has more benefits than some other sectors. The Insurance companies are exposed to wide array of ESG factors both directly and indirectly. Like most companies, the direct ESG factors considers the way in which the Company impacts the environment, and social fabric and the Governance practices that impacts the sustainability of operations and stability of financial markets.

The indirect factors impacting the insurance sector are accumulation of ESG factors faced by the Companies that are insured by the Insurance Companies. Some specific examples of how ESG can impact insurance companies more than other sectors are as under:

Climate change: Insurance companies are specifically exposed to the financial risks arising out of climate change. These include cost of claims from natural disasters and extreme weather events, such as draught and floods that are poised to become more significant in the future as climate change progresses.

Social unrest: Insurance companies are exposed to the financial risks of social unrest. The social unrest leads to higher destruction of public and private property increasing the cost of claims from theft, riots and looting.

Governance risks: Insurance companies are exposed to the financial risks of governance failures, such as corruption and fraud. These could increase the liability losses and other specific frauds.

Insurance sector provides cover to other companies to cover losses from ESG factors. As underwriters of such risks, Insurance Companies are well placed to price the ESG factors in a manner that promote enhanced ESG practices across sectors. This accumulation of ESG factors, places Insurance Companies in a sweet spot where they can create frameworks and benchmarks for ESG. As awareness on ESG factors is spreading, the Insurance Companies can enhance the underwriting to become more sensitive to ESG factors. This can help other companies that are seeking insurance cover to enhance their ESG practices for better insurance terms.

Further, as the Insurance companies enhance the articulation of their exposure to ESG factors, they can be better prepared to either treat, terminate, or transfer such risks. This will increase the sustainability and resilience of Insurance Companies.

INSURANCE LAWS & POLICIES

A CASE STUDY ON USING FORGED DOCUMENTS FOR HEALTH INSURANCE CLAIMS

Frauds in Insurance: Fake Documents for Annual Health Checkup (AHC) claim and Rebating

Case Summary:

Agents and diagnostic centers (herein after referred to as "Labs") were found involved in making fraudulent health insurance claims under one of the product offered by the Company by submitting forged health checkup reports. Customer actually did not availed the health checkup facility and the amount of health checkup claim was indirectly passed back to the customer as a rebate on the policy, the fraudulent AHC claims were filed by agents against policies being sourced and customers in most of the cases were not even aware of such claims.

This was highlighted to fraud investigation team and the team reviewed the lab reports for Pan India locations. They further did field investigation wherein they visited and interviewed the Labs and the Lab Owners/Managers, interviewed employees and Agents of the Company. Lot of documents, emails and watsapp chats were recovered from such employees, agents and lab managers.

Investigation Findings:

The Investigation team post doing data study & document reviews found out that the lab reports shared were forged or were created with the help of Labs in lieu of some financial benefits. During investigation, it was noticed that same ID, same report/result, same time stamp or same remarks were used in different lab reports submitted by agents.

Investigation team further went to these locations and checked with Labs and customers, where anomalies observed. The team even met the agents under whom these fake reports were uploaded and found that softcopy of the lab reports were available with the agents and they were sharing forged path lab reports to file a health checkup claim from the Company.

In few cases it was also seen that these agents were sharing details such as name and Policy number with each other or the lab owners for creating forged lab report and then uploading the same in the system while claim process.

The Investigation team came to know that such customers never went for the health checkup in the said Labs or the Labs was multiple kilometers away from the customer address and it would not have been feasible for the customer to travel such long distance when they had options nearby their address. Few customer also confirmed that they have never given their consent for the health checkup and have never gone for any health checkup in the said location for which we had the lab report.

Conclusion:

Getting all the facts of the cases with proper evidences, the investigation team represented this case to the concerned internal committee. Post discussions and basis all evidences the committee came to a decision to terminate all the agents/ employees involved in this misconduct and file Police Complaint against such fraudulent labs and delinquent agents/employees.

While these decisions were taken, the Company took certain preventive measures including only physical submission of AHC claims and rigor in claim processing. In future products AHC is available only as cashless facility and for that purpose the Company has tied up with large Lab aggregators like 1 mg, medi buddy, health assure etc.

CONSUMER AWARENESS

PAN INDIA AWARENESS CAMPAIGN TO BE LAUNCHED BY GENERAL INSURANCE COUNCIL SOON

In a rapidly changing world, unforeseen events can disrupt our lives and livelihoods. Non-life insurance serves as a crucial safety net, offering financial support during times of adversity. From safeguarding lives against accidents and serious illnesses, homes against natural calamities to ensuring vehicles' protection on the road, non-life insurance provides peace of mind and a sense of security for you and your loved ones. The range of insurance covers is large enough to protect everyone from any accident to life and property. What is lacking is the awareness of protection available and risk management.

To increase the insurance awareness and education for masses It is proposed that a widespread campaign will be launched by GI Council. The campaign will be run in coordination with State wise awareness campaign to be launched by IRDAI. In a recent meeting of GI Council, it was decided to dovetail the PAN India Campaign with that of the state level awareness campaign such that Council is also made a collaborator in each of the state where there is a lead insurer.

The council is already in the process of shortlisting research agencies, who would be asked to give their recommendations within a specific time limit and thereafter the campaign plan can be finalized with creative agencies within the stipulated time.

Through this campaign, we are committed to empowering every Indian citizen with knowledge about the diverse range of non-life insurance products available, each tailored to meet specific needs. Whether one is a homeowner, a business owner, or a traveler, the campaign will educate people about the various policies that can mitigate risks and uncertainties, for making informed decisions for a more secure future.

Stay tuned for updates, events, and resources as the general insurance industry embarks on this nationwide non-life insurance awareness campaign. Together, we can build a stronger and more resilient India and realize the mission of **Insurance for all by 2047**.

CONSUMER AWARENESS

HYPER-PERSONALIZATION IN INSURANCE

Mr.K V Dipu, Senior President & Head-Operations & Customer Service, Bajaj Allianz General Insurance

Imagine a world where insurance providers can anticipate your needs, tailor policies to your lifestyle, and engage with you at every touchpoint. Picture an insurance experience so seamless and personalised that it feels as though the insurer understands you better than you understand yourself. Welcome to the era of hyper-personalization in insurance, where advanced technologies and data-driven insights empower insurers to revolutionise the customer journey.

The Indian insurance market has experienced significant growth in recent years, with a rising middle class and increasing digital adoption. According to a report by the Insurance Regulatory and Development Authority of India (IRDAI), the total gross direct premium income in the Indian insurance industry reached INR 7.32 trillion (approximately USD 99.8 billion) in the fiscal year 2020-2021. To effectively tap into this market and meet the evolving needs of Indian customers, insurance companies must embrace hyper-personalization.

Data Analytics and Artificial Intelligence (AI)

Hyper-personalization hinges on leveraging customer data effectively. Insurance companies should invest in robust data analytics capabilities to collect, analyse, and derive actionable insights from customer information. By employing AI and machine learning algorithms, insurers can process vast amounts of structured and unstructured data to uncover valuable patterns, preferences, and behaviours. According to a report by McKinsey, AI-driven personalisation can deliver a 5-15% increase in revenue and a 10-30% reduction in costs for insurers.

According to a study by Accenture, 78% of insurance executives believe personalised service based on real-time data analytics will be a crucial differentiator in the industry.

Customer Segmentation and Targeted Marketing

Segmenting customers based on their demographics, behaviours, and preferences is vital for effective hyper-personalization. Insurance companies can identify distinct customer segments and tailor their marketing strategies accordingly. By understanding customers ‘ unique needs and expectations, insurers can offer relevant products, personalised messaging, and targeted cross-selling opportunities.

Research by Bain & Company indicates that companies that effectively segment their customers can increase their profit margins by up to 15%. Employ a data-driven approach to segment customers, considering demographics, purchasing behaviour, lifestyle, and risk profiles.

Leverage Predictive Modelling

Predictive modelling is a powerful tool to help insurers anticipate customer behaviour and preferences. Insurers can use historical data and predictive algorithms to forecast future outcomes and proactively personalise their offerings.

Research conducted by McKinsey & Company reveals that companies using predictive analytics outperform their peers by 5% in

CONSUMER AWARENESS

HYPER-PERSONALIZATION IN INSURANCE (CONTINUED)

productivity and 6% in profitability. Leverage predictive modelling to assess risk, identify potential cross-selling or upselling opportunities, and optimise pricing strategies. This proactive approach lets insurers stay ahead of customer needs and offer relevant recommendations.

Embrace Digital Channels and Self-Service Options

Customers expect seamless and convenient experiences across various touchpoints in the digital era. To achieve hyper-personalization, insurers must embrace digital channels and provide self-service options that empower customers to control their insurance journey. According to a survey by J.D. Power, 70% of insurance customers prefer using digital channels for interactions.

Prioritise Customer Engagement and Communication

Effective customer engagement is crucial for hyper-personalization. Insurance companies should prioritise regular and meaningful communication with their policyholders to build strong relationships and foster trust.

Research by Salesforce indicates that 67% of customers are willing to switch brands if they feel undervalued. Employ personalised communication strategies such as targeted emails, recommendations, and relevant content to engage customers at various stages of their insurance journey—leverage automation tools to deliver timely, tailored messages that resonate with individual needs and preferences.

Hyper-personalization in insurance empowers customers by offering them customised solutions, fair pricing, and proactive risk management. Insurance companies can deliver a more personalised and relevant experience by leveraging data and advanced technologies.

Usage-Based Insurance (UBI)

Usage-based insurance utilises telematics technology to track and monitor individual driving behaviour. By installing devices or smartphone apps, insurance companies can collect data on speed, distance travelled, and driving patterns. This data allows insurers to offer personalised premiums based on a customer's driving habits, rewarding safe drivers with lower rates.

Personalised Policy Recommendations

Insurance companies can leverage customer data, including demographic information, previous claims history, and risk factors, to provide personalised policy recommendations. Using advanced algorithms and machine learning techniques, insurers can analyse vast amounts of data to suggest coverage options tailored to an individual's needs and risk profile. This helps customers make informed decisions and ensures they have the right coverage.

Conclusion

Hyper-personalization has become necessary in the insurance industry to meet customers' evolving expectations. By harnessing the power of data, embracing AI and ML, implementing effective customer segmentation, optimising digital channels, and fostering proactive communication, insurers can create personalised experiences that resonate with their customers. In this age of customisation, those who successfully achieve hyper-personalization will thrive in the competitive landscape and build long-lasting relationships with their customers. As we move forward, let us remember that the key to hyper-personalization lies in understanding and catering to the unique needs of every individual customer.

Signing off with a quote from Satya Nadella, CEO of Microsoft, "Hyper-personalization is the future of customer engagement. By leveraging data and advanced technologies, we can deliver experiences that are uniquely tailored to each individual, creating a deeper connection and fostering long-term loyalty."

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General Insurance Council

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GI COUNCIL NEWSLETTER

CONSUMER AWARENESS

PRACTITIONER'S GUIDE TO LEVERAGE TECHNOLOGY IN INSURANCE

Mr. Aditya Sharma, Chief Distribution Officer – Retail Sales, Bajaj Allianz General Insurance

Technology has played a pivotal role in the evolution of the Indian Insurance Industry. Technology has made processes simpler, faster, and more efficient. Previously, we used to manually fill out proposal forms, and issue physical cover notes and policy copies, and the claim settlement process was time-consuming. However, with the advent of technology, we can now settle claims with a single click, instantly communicate with people, and even conduct vehicle pre-inspections by simply capturing photographs. Undoubtedly, we have undergone a remarkable evolution thanks to technology.

Whether you are an insurance distributor or a customer (which, of course, everyone should be to cover their financial risks) this concise guide will help you harness the power of technology in the insurance industry.

How has Technology Evolved in the Insurance Industry?

Technology has revolutionized the insurance industry by automating several key processes such as underwriting policies, maintaining customer data, deriving inferences from the customer data, settling claims etc. The new-age digital platforms such as – Websites, Mobile Apps, and Bots have made it easier for customers to access products and for insurers and channel partners to increase their reach. Thanks to the accessibility of the internet, you now have the convenience of selecting, comparing, and purchasing insurance policies from the comfort of your home, all while enjoying a cup of coffee. Registering a claim is now a simple process that can be completed within minutes, just at your fingertips. The insurance industry has wholeheartedly embraced technology to enhance operational efficiency and elevate the overall customer experience.

Let us explore the diverse range of technological tools available at your disposal and discover how you, as a customer can make the most of them.

- **Mobile Apps**: With the advancement of smartphones in the past decade, the emergence of mobile apps has significantly simplified the process to carry out transactions within minutes. Insurance companies have developed user-friendly mobile applications for customers that serve as comprehensive support, providing instant solutions for purchasing or renewing insurance policies. These apps offer a convenient option for filing claims, accessing information, and conducting pre-inspections, among other functionalities. By leveraging mobile apps, you can enjoy seamless transactions and round-the-clock access to insurance services from anywhere. You can effortlessly navigate through every step of the policy journey, including accessing policy details, making premium payments, and submitting claim filings with ease. Furthermore, in-app notifications and alerts on your phone ensure that you receive essential updates

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regarding your policy and claims, preventing you from overlooking policy renewals.

- **Online Platforms / Website**: An online platform or a website enables you to access a wide range of policy-related The process of purchasing and renewing policies becomes remarkably convenient as you can accomplish it entirely online, eliminating the need to physically visit insurance company offices. Online platforms offer flexible payment options, simplifying premium payments and policy management. You as a customer have the freedom to compare multiple policies, & make well-informed decisions based on your specific needs and budget. Moreover, you can independently register claims and renew your existing insurance policies, granting you a sense of self-sufficiency.

- **Chatbots**: Chatbots are intelligent tools powered by AI that can engage in real-time interactions. AI technology has undergone significant advancements in recent years, becoming more adept at understanding customer intentions, providing product recommendations, initiating quotes, and addressing follow-up queries. Within the insurance industry, chatbots have become an essential component, offering secure, reliable, interactive, and engaging experiences while reducing reliance on human assistance. The introduction of Chat GPT, an advanced and enhanced iteration of AI, takes personalization to a new level by tailoring product recommendations based on your interactions, all while maintaining the utmost respect for data privacy. Chatbots prompt effortless & easy resolution to queries without the need for direct human interaction.

- **Leveraging Internet of Things (IoT)**: IoT refers to a network of interconnected devices that gather and exchange data. IoT-enabled devices, such as sensors in wearables provide real-time information about policyholders, enabling the customization of insurance policies.

For example, a health insurance provider can utilize data from smartwatches to incentivize you to adopt healthy habits. It's worth noting that IoT plays a crucial role in offering unique health insurance options, especially for elderly individuals at home, by leveraging Fall Detection Technology in smartwatches, which enables immediate healthcare and rescue assistance when needed.

Another notable use case is the "Telematics Device" in motor insurance, which forms the foundation of the "PAYC - Pay As You Consume" product concept.

The Telematics Device installed in motor vehicles captures essential data such as speed, distance, and driving behaviour patterns, enabling insurers with data intelligence to offer product basis the vehicle usage & other information. This type of policy allows you to customize your motor insurance policy basis the usage.

- **Instant Claims Settlement**: Technology not only holds the power to help you register claims online but some of the minor claims in motor & health insurance can be settled instantly. Consider a scenario of a vehicle accident; a policyholder can get instant claims reimbursement just by filling up an online form & uploading a video/photo of the damaged vehicle (*as per policy terms & conditions). Advanced techniques such as

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Computer Vision & Artificial Intelligence analyse & evaluate the uploaded video/photos within a matter of few minutes, facilitating the claims processing effectively.

Technology holds the potential to simplify & give you a seamless user experience.

For those of you who are associated with various insurance companies as advisors or channel partners, here's a quick guide on how you can leverage technological advancements in insurance.

If I have to ask you a simple question – How did you reach out or connect with your prospective customers back in the early years? There is a high possibility that your answer would be – going door-to-door, cold calling, attending events or taking references. Gone are the days when you waited for hours just to connect to a customer. Technology has bought the world closer, made communication faster & processes simpler.

- **Have you heard of Microsites?**: Microsites are personalized websites designed for individual channel partners to promote specific insurance products and services. Microsites help you expand your customer base by generating new organic leads, enhancing information credibility, and providing instant insurance services to your customers, all while benefiting you.

For example, if you have a microsite of your own, you can effortlessly share your credentials with potential customers located anywhere across the country. Customers can conveniently access product information and make policy purchases without having to navigate complex websites. This not only boosts your online visibility but also ensures that the policy benefits are exclusively attributed to you.

If you already have a website of your own, here is another enabler you need to know about -

- **Integration with Partner Systems**: Insurance companies can provide you with access to their technological infrastructure, such as APIs (Application Programming Interfaces) and integration capabilities. This allows you to seamlessly integrate insurance products and services of the insurer into your own systems or platforms. By integrating with partner systems, insurers enable a smooth flow of information and transactions, enhancing the overall efficiency and effectiveness of the partnership. This integrated platform acts as a bridge between the partner system and the insurer system.

- **Digital Portals** – Insurance companies develop digital portals for their channel partners, which act as an online office. You as an insurance partner can utilize these portals & carry out end-to-end business activities right from policy issuance to servicing customers. Digital portals are extremely handy & make you self-reliant.

- **Mobile Apps for Insurance Partners** - Specially curated mobile applications act as an 'office on the go'. Mobile Apps power ease of transaction, 24*7 access to insurance services from anywhere, empower you to stay connected with your customers & provide them instant insurance solutions.

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- **ChatBots for Insurance Partners** – Gone are the days when you were highly dependent on your relationship manager for getting a resolution to your business queries. Chatbots ensure speedy communication; help you get instant solutions along with other policy management & business-related services.

These technological tools enable you to reach out, communicate & service your customers efficiently.

By leveraging these technological advancements,

You as a customer can – Enjoy more convenient and personalized insurance solutions that meet your specific needs and preferences.

You as a Partner can - Enhance your business operations, reach a broader customer base, provide a superior customer experience, and strengthen your collaboration with insurance companies.

While we acknowledge and embrace the technological advancements fueling the growth of the insurance industry, it is important to recognize that the human touch and emotional aspect will continue to hold significance in this field.

UPCOMING EVENTS

Insurance 2030: From Science Fiction to Reality

23-24 Aug 2023, Concorde Hotel, Singapore

Theme: "Artificial Intelligence - The Future Revolution and Quantum Leap"

Asia Motor Insurance & Claims Management Conference

28-29 Aug 2023, Grand Millennium Hotel Kuala Lumpur, Malaysia

IUMI 2023 - Edinburgh Conference

17-20 September 2023

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Q & A - INSURANCE OFFERINGS FOR MSMES

MSMEs have been the backbone of Indian economy and have shown tremendous resilience even when faced with unprecedented challenges. They are the growth engine of the economy contributing to over a third of the country's GDP. In a Q&A session, Mr Sanjeev Mantri, Executive Director, ICICI Lombard talks about the importance and issues related to MSME sector in India.

Click here to read more..

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