

Insurance is a service, not a product, says IRDA chief at

FICCI's 17th Annual Insurance Conference FINCON2016

Mumbai, 22 January 2016: Inaugurating FINCON 2016, the 17th annual Insurance Conference organised by Federation of Indian Chambers of Commerce and Industry (FICCI) here today, **Mr T S Vijayan**, Chairman, Insurance Regulatory and Development Authority of India (IRDAI), focused on three main aspects: products, technology and customer grievances.

About customer grievances, Mr Vijayan said that he was more interested in how insurance companies were handling claims, and not on the fine print of their policy documents. "This is a service, not a product," he said, and wanted consumers to be aware of their rights. He was against companies questioning whether a victim should have been 'present at a particular spot at a particular time'. "That should not be asked by the company, it is the work of the police." Some companies offer consumers the choice of paying their premium at one time or over a period of five years; if the policy offered is declared as a five year policy and the company collects the premium at one stroke, Mr Vijayan was clear that "the difference should be returned to the customer."

He highlighted the changes sweeping the insurance sector in India. Chief among these were the change in the Insurance Act. These changes made it imperative for the regulator to respond in an appropriate manner. Despite this, the industry is very buoyant. However, he observed, that in 2014-15, real premium growth was 1.4 per cent and this highlights the potential for growth at least to catch up with the global standard. "The secret," he advised companies, "is not on fighting the old but on building the new. Past experience may not be the right guidelines for the future."

The regulator's chief concern is the customer and the people working in the sector, he disclosed. The insurance sector employs more than 20 lakh people. The opening up of the sector in 2000 brought with it changes and policies have to respond to these changes. The Government is cognisant of the disruptive changes driven by technology. These should be used for the benefit of customers. Mr Vijayan was all praise for the companies that responded promptly to the demands created by the recent floods in Chennai. "That is your moment of truth," he felt. "When the need arises, you are able to offer support."

Mr Rashesh Shah, Vice President, FICCI and Chairman and Chief Executive Officer, Edelweiss Group, welcomed the delegates to the conference. He highlighted how "Indian insurance industry has been playing an instrumental role in the growth of our economy through mitigating risks, offering financial stability and providing the much needed long-term capital for industrial and infrastructure development of India". He said that since the sector was liberalized in 2000, it has shown significant growth till around 2010. As a result the penetration level has doubled and density levels too has increased manifold. However, in recent years, while non-life segment observed a steady growth, the growth of life insurance segment has seen a slowdown due to certain market developments. He urged the industry to "examine the robustness of the existing industry practices as well as well as continuously endeavour to adopt new business models to cater to the evolving consumer need".

Mr Amitabh Chaudhry, Chair, FICCI Committee on Insurance and Pensions and Managing Director and Chief Executive Officer, HDFC Standard Life Insurance Co Ltd, addressed the participants on the theme of the conference. He felt that the insurance industry needs to introspect. With the passage of the new insurance law, regulators are

trying to create the right platform for growth. But while India rides on the wave of value creation, the insurance sector is underpenetrated. The industry is not capturing its full potential. He cited 'short termism' as the bane of the industry. He pointed out that the industry needs to groom leaders and talent. "Operational efficiency will be a very important parameter and will be a top differentiator," he predicted. "And we cannot forget the needs of the new gen x and gen y customers. They are more social and have high expectations."

Mr Vijayan released a FICCI-BCG Knowledge Paper on "*The Changing Face of Indian Insurance*".

Mr Alpesh Shah, Senior Partner and Director, The Boston Consulting Group, knowledge partners of the event, highlighted the main points in the paper. "Coming from a period of immense challenges including rapid regulatory changes, the insurance sector in India is all set for growth. The regulatory bodies have brought in appropriate regulatory changes to the existing business models to achieve sustainable growth. At BCG, we have identified major trends such as digitization, changing consumer needs and ageing changes that are expected to impact the sector in its next phase. However, the challenge lies in sustaining profitable growth. In the FICCI- BCG report titled '*The Changing Face of Indian Insurance*' we have defined a 14 point action agenda for Indian insurers that could lead to achieving this target." said Alpesh Shah, Senior Partner & Director at BCG, India and Head – Insurance Practice in Asia.

Mr G Srinivasan, Co-chair, FICCI Committee on Insurance and Pensions and Chairman and Managing Director, The New India Assurance Company Ltd, presented a vote of thanks and presented concluding remarks.

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