

“Focus of health insurance has shifted from group covers to retail policies”

S. Narayanan, MD & CEO, IFFCO-Tokio General Insurance, tells **Chandralekha Mukerji** that the accessibility of health insurance will increase in the coming years



IFFCO-Tokio was among the first batch of private insurers to be granted a licence. How has the sector evolved over the past 10 years?

When we started off, even though the sector was liberalised, the business environment was highly controlled. However, as the tariff rates were adequate, it was not much of a problem. In 2003-4, the sector started expanding and in 2007, pricing restrictions were lifted. That was the time when all insurers felt really hard-pressed. There was a drop in prices and maintaining profitability was very difficult. At the same time, as most of us were expanding, there was a need for capital. Some firms went through a period of negative growth. Fortunately, it did not happen with us.

Over the years, have you witnessed a perceptible change among people regarding the reason for buying insurance?

Definitely, there has been a noticeable change. It is visible from the sheer number of insured persons. In 2000, the total number of policies issued by the insurance sector would have been just about one crore. Today, it is selling nearly 6 crore policies annually.

Which products are contributing most to this growth?

The motor portfolio has definitely contributed significantly to the growth. It is nearly 45% of the total market. All other segments have also grown. For instance, the number of travel insurance policies have increased tremendously. The Rashtriya Swasthya Bima Yojana (RSBY) has been instrumental in making the economical-

ly weaker sections aware about insurance. Currently, RSBY covers only 25% of the districts. When it is expanded to the entire country in the next three-four years, there will be a surge in awareness and accessibility of insurance.

What would be your thrust areas for the coming years?

Motor will remain an important portfolio, given the volume it generates. Health insurance would generate 15-20% of the business. When we started the business, the infrastructure was not well developed. At that time, we were concentrating on group health policies. Today, the focus has shifted to individual consumers.

What are your expansion plans?

Over the past 10 years, we have been expanding steadily. We are present in around 450 locations all over the country. We will continue to further this trend. On the distribution front, we would be adding newer channels and novel methods.

Would you be seeking a listing when the norms are announced?

We are prepared for all types of eventualities. We will react to the norms when they are announced.

So, it is on the anvil.

Definitely. As of today, the law mandates that after 10 years of operations, there has to be a change in the shareholding pattern in a phased manner. The regulator has to come up with the guidelines. We are awaiting the directives before we decide our strategy. ■

“In the past decade, the number of policies sold has increased nearly six times.”