Listing helped the non-life insurance industry become more transparent

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The topic of the second panel discussion at *Mint*'s insurance conclave was: Non-life insurance 20-20: Issues for the next 20 years. On the panel were Antony Jacob, managing director, Apollo Munich Health Insurance Co. Ltd; Bhargav Dasgupta, managing director and CEO, ICICI Lombard General Insurance Ltd; Rakesh Jain, executive director and CEO, Reliance General Insurance Co. Ltd; Warendra Sinha, MD and CEO, IFFCO Tokio General Insurance Co. Ltd; Alice G. Vaidyan, chairman and MD, General Insurance Corp. of India; and Deepti Bhaskaran, editor, personal finance, *Mint*. Here are the edited excerpts:

Bhaskaran: What is the key reform that has shaped the industry thus far.

Jacob: If I could just stick to one of them, which is health insurance, I think there have been some outstanding changes. Being in health insurance, I have had visitors from overseas to look at some of the features which our industry has built over the last 20 years and they have actually been replicated in other parts of the world. For example, the concept of floater policies was not heard of in other parts of the world. Even the restore feature—restoring the sum insured if you busted it—multiplying it as a 100% bonus even if there was no claim. So there are several things which have changed the landscape of health insurance. But there is much more to do.

Sinha: I don't think when I joined the non-life industry in 1982, it was more than ₹500 crore. Today we are talking about ₹1,70,000 crore. There were four companies owned by the government and I belonged to one of them and honestly life was fairly laid back—nobody complained, customers were happy with whatever we did. But since the market opened up, a lot of things happened, private companies came in, the broking community came in and the style of working became a lot more competitive, and people started to look at technology.

Jain: The most important thing I think was de-tarrifing in 2007. That set out the industry on its own. We made a lot of mistakes. We paid a lot for those mistakes as well but now it's coming of age. If we had not gone through some of these experiences, I doubt that we would reach this stage today to claim the next 20 years in the rightful manner. If you see the 17 years, growth rates have more or less been the same, 15-18%, and they haven't come down, which clearly reflects there is indeed a significant appetite for insurance. This will really push the next set of growth with new products and hopefully get more bottom line for us.

> About 50% of the population feels that insurance is not affordable. But if we have more data, that will help us bring down the pricing so that it becomes affordable

Alice G. Vaidyan
Chairman and MD, General Insurance Corp. of India

> The question is if now, as an industry, we are ready for the next level of disclosures, whether it is an unlisted or listed company. We need to look at granular disclosures

Bhargav Dasgupta
MD and CEO, ICICI Lombard General Insurance Ltd

From left: Alice G. Vaidyan, Rakesh Jain, Bhargav Dasgupta, Warendra Sinha and Antony Jacob. ABHIJIT BHATLEKAR/MINT

Bhaskaran: Listing was a milestone event as disclosures improved and relevant metrics by which to evaluate the industry became popular. Has the industry institutionalised disclosures or is this just about companies that are listed?

Dasgupta: These metrices are not new. All of us anyway were being measured internally on combined ratios, underwriting practices, and on return on equity. It is just that now that some of us are listed, there is a lot of awareness as there is lot of interest of a different stakeholder, which is the retail investor or the other investor. Then, there is lot more scrutiny. But it's really a shareholder objective whether the shareholder of an unlisted company wants to focus on combined ratios and I am aware of quite a few companies who do that. So if shareholders focus on some of these underwriting numbers and combined ratios, the company will drive that agenda.

So it is not so much about listing, it is about what the shareholders drive even for unlisted companies.

Bhaskaran: If you have been in the industry for some years, could you look at standardizing disclosures?

Vaidyan: I think listing in a way has changed the way we do business. Even before the listing happened, a lot of market corrections were happening, so it's basically the company's philosophy that drives. So that culture had come in and market corrections are underway even now and listing has put some pressure.

I think this was the time we all were actually waiting for. The market needed to move to underwriting profits and I think that is happening.

Dasgupta: The question is if now as an industry are we ready for next level of disclosures, whether it is unlisted or listed. We need to look at granular disclosures. For instance, one of the parameters that everyone looks at is how fast you settle claims. And if we look at it at the segment level for retail and corporate that's a good disclosure to have.

We need the next level of disclosures. One of the issues that we face and we see

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