

# 'Open architecture will soon be a reality'

Leading representatives of the insurance industry came together at the *Business Standard* Insurance Round Table in Mumbai to discuss the industry's major problems and find possible solutions

**Moderator:** The government has been trying to push insurance. Do you think that it has done enough in the Union Budget?

**Amitabh Chaudhry:** I do agree that the government is and will be looking at life insurance. But at the same time I also believe that our expectation from the government to do something for the life insurance industry in every Budget is a bit misplaced. What it has not done is not imposed further taxes on us.

The government is now talking about a health insurance scheme. And this is the first time that it is tackling some base level social security benefit at the right price when no one is subsidising it for the society in general.

In the absence of a strong underwriting process and dependable claims mechanism, will such a health scheme succeed or achieve the desired objectives?

**Arijit Basu:** The government's social security schemes have made a good beginning and what it has done is opened our eyes to the fact that we can give protection to a large number of people. We have issues on whether the pricing was right and we are having discussions with the government because SBI Life apart from Life Insurance Corporation (LIC) was one of the major



AMITABH CHAUDHRY

MD & CEO, HDFC Life

**"We need products that can compete with other financial products in terms of returns. At present, we are not able to compete with other financial products, due to restrictions in investments"**



ARIJIT BASU

MD & CEO, SBI Life

**"If you make bancassurance mandatory, then it's not really open architecture. Any kind of regulation, especially a regulation of this nature, has to be voluntarily accepted"**



G SRINIVASAN

CMD, New India Assurance

**"It's time that not only public sector insurers, but private sector insurers also came to the market and got themselves listed. They should allow themselves to be scrutinised by the analysts and the public"**



VIPIN ANAND

ED-Direct Marketing, LIC

**"There are so many restrictions on insurance agents. Thus, the agency channel, which contributes 80 per cent of the total business even today, is not very comfortable. As a result, agent attrition is on the rise"**



SANJAY KEDIA

CEO, Marsh India

**"There is only one element which is not yet freed, which is on the distribution side: how do you deal with the distribution commission, which remains frozen? We also need to move from owned distribution to independent distribution to unlock the potential"**



ANUJ GULATI

MD & CEO, Religare Health

**"Rome was not built in a day. We have added about ₹4,000-₹5,000 crore of health insurance premium on a base of ₹22,000 crore - this is a segment which is growing upwards of 20 per cent"**

the way you make the sale.

Till the time life insurance will continue to be somewhat of a push product needing customers, looking for some kind of financial advice, I think it will take time.

**Chaudhry:** We are a leader in the online space by a margin and please understand

that what is being sold online is mainly term insurance where the overall premium size tends to be obviously small as the product is typically a pure term policy. And if you compare market share based on the premium then automatically it tends to be understated

because the number is smaller. In the next five years, completely new ways of selling will emerge, and completely new kind of products which cater to that space will emerge.

**Srinivasan:** In non-life insurance, it is slightly different. Only two-three per

cent of customers buy non-life customers directly from insurance companies. What we do is enable our intermediaries, issue policies digitally, or brokers issue policies digitally. Almost 12 per cent of our policies get issued online so in that way it's a large number.